Austria	Sch30	Iran	Rls210	Pakistan	Rs16
Bahrain	Din0.500	Israel	Shk4.00	Philippines	Peo40
Belgium	BFr60	Italy	L2200	Poland	Zl 9,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es165
Denmark	DKr13.00				
		Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,600	Singapore	S$4.10
France	FFr7.50	Lux.	LFr60	Spain	Pta175
Germany	DM2.00	Malaysia	M$4.25	Sweden	SKr13
Greece	Dr200	Morocco MDh10.00			
				Switz	SFr2.70
Hungary	Ft120	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr165	Nigeria	Naira12	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,343

Thursday January 3 1991

D 8523A

GERMANY

Country in a state of flux for 1991

Page 10

World News

Embattled Somali leader asks rebels for ceasefire

Embattled Somali president Mohamed Siad Barre called for an immediate ceasefire with rebels fighting to end his 21-year rule. Earlier, the rebels rejected peace talks. Page 4

Unions defy ban

A last-ditch effort to head off today's Turkish general strike appeared to have failed last night. Unions appear determined to challenge anti-strike laws. Page 2

Shevardnadze fears

Eduard Shevardnadze says he resigned as Soviet foreign minister because he feared a repeat of military crackdowns that killed hundreds in two Soviet cities in 1989 and 1990. Page 3

World Arts Guide

The International Edition of the *Financial Times* launches a revised arts guide today. From Monday to Thursday the guide offers a listing of events in music, opera and theatre in major cities of the world. A separate list of satellite television business programmes is provided. Friday's guide will be a preview of forthcoming events, with a listing of exhibitions. Page 9

Truce broken

Tamil rebels attacked two army camps in northern Sri Lanka, breaking their unilateral ceasefire.

Albania accused

Athens accused Albania of provoking a mass exodus of ethnic Greeks across the Greek border and said it hoped the thousands of refugees would return to Albania. Page 2

Mayor sworn in

Sharon Pratt Dixon, 46, became the first black woman to head a large US city when she was sworn in as mayor of Washington. She succeeds mayor Marion Barry, who faces jail for cocaine possession.

Boat people settle

A total of 504 Vietnamese refugees left Hong Kong to resettle overseas in December. Most went to Australia, Canada, Japan, the US and Britain.

Ryzhkov better

Soviet prime minister Nikolai Ryzhkov is making satisfactory progress after his heart attack eight days ago, a government spokesman said, denying rumours of a setback.

Israeli tourist slump

Israeli tourism minister Gideon Patt blamed "spoiled" foreign Jews for shunning Israel because of the Gulf crisis.

Without a will

The late Robert Holmes à Court left no will for his multi-million dollar business empire when he died of a heart attack last year.

Holiday road toll

Road accidents killed 64 people in Portugal over the new year holiday, its worst recorded statistics. Portugal has the highest road accident rate in the European Community.

Party ends in riot

Demonstrators set fire to a hotel in western Algeria and damaged cars in protest at a new year party which they judged anti-Islamic.

Passengers freeze

Thirty-six bus passengers were reported to have frozen to death on their way to Pakistan from the southern Afghan province of Helmand.

Bulgaria off the road

Bulgaria, where long queues, abandoned cars and dry petrol stations have become a daily sight, stopped petrol sales for two weeks. Only ambulances, buses and delivery vans are exempt.

Business Summary

Western chip companies gain greater market share

Western semiconductor companies last year gained market share from their Japanese competitors for the first time in over a decade, according to a new survey by Dataquest, a UK high-technology consultancy.

The report shows American companies increased their share of the international market for the first time since 1979. European companies' market share rose to 10.5 per cent last year compared with 9.5 per cent in 1989. Page 12

Markets: Frankfurt fell sharply, the DAX index losing 32.12 or 2.3 per cent to 1,366.10. In New York, the Dow Jones Industrial Average was up 2.73 at 2,636.39 at mid-session. World Stock Markets, Back Page Section II

CITIBANK, Chase Manhattan and Morgan Guaranty, US banks, cut their prime lending rate by half a percentage point to 9.5 per cent. Page 5

AT&T, American Telephone & Telegraph, has asked shareholders in NCR, the fifth biggest computer company, to call a special meeting to unseat the majority of the board as part of a proxy battle in its hostile takeover bid for NCR. Page 13

RHONE-Poulenc Rorer, pharmaceuticals group formed when the French state-owned chemicals group bought control of the US drug maker, has sold the rights to three of its drugs for FFr425m ($85m) to Forest Laboratories, a US pharmaceuticals group. Page 13

US Treasury bonds moved broadly higher with prices supported by hopes of a diplomatic solution to the Gulf crisis, cuts in the prime rate by a number of leading US banks and signs of continued economic weakness. Page 16

BOMBARDIER, Canadian aircraft and transport group, has suffered the first setback to its regional jet programme with the decision by Ansett Worldwide Aviation Equipment, Hong Kong, to drop its commitment to buy 20 aircraft worth about $300m. Page 16

DEUTSCHE Bank's east German operations have been folded into the Frankfurt-based parent, giving Germany's largest bank direct representation via a network of some 170 branches in the eastern Länder. Page 16

WHITE House economist Lawrence Lindsey has emerged as a leading contender to fill a vacancy on the Federal Reserve Board. Page 5

BANCO Hispano Americano, Spain's fifth ranked banking deposit terms, has a new president, Jose Maria Almusategui, the bank's deputy chairman and managing director. Page 16

ARGENTINA implemented two key reforms in its economic adjustment programme, deregulating the oil industry and cutting several thousand civil service jobs. Page 5

MAGNA International, Canada's biggest independent car component maker, has won extra time to negotiate a financial restructuring. Page 16

LASMO, UK oil company, has raised a 13-year £175m floating rate loan facility from Barclays Bank. The loan is secured on £180.5m of "Elf loan notes" which LASMO received when it sold its shares in Enterprise Oil to Elf Aquitaine, the French oil and chemicals group, in 1988. Page 16

ADSTEAM group chief executive John Spalvins resigned from the board of AWA, an Australian electronics group in which Adsteam holds a small stake, in an attempt to protect the broadcasting licence of Kerry Packer's Channel Nine television network. Page 14

Rhode Island officials seek solution to banking crisis

By Alan Friedman in New York

STATE officials in Rhode Island were last night working feverishly to patch together federal deposit insurance for 45 local banks which were shut down on New Year's Day by order of Mr Bruce Sundlun, the state's newly installed governor.

The unusual closure stems from a financial crisis in the small east coast state's leading private bank insurance fund and from the effects of the severe recession that has beset the state.

The shutdown is also a rare political move for a new governor, although there are precedents on a lesser scale dating back to 1985 in Ohio and Maryland.

The governor's decision means that some 300,000 account holders at 45 of the state's 83 banks are unable to withdraw funds. The 45 institutions, which include about 36 credit unions, or state-chartered locally owned co-operative banks, have a total of $1.7bn of deposits.

Federally insured commercial banks are not affected by the governor's order.

Mr William Seidman, chairman of the Federal Deposit Insurance Corporation (FDIC), the federal government bank insurance fund, said the FDIC would offer insurance only to those Rhode Island banks that meet federal standards for financial stability and warned that not all would qualify.

While some of the 45 banks will be allowed to reopen within days, others, including many of the credit unions, may need to be liquidated and depositors may not recover all of their money.

The immediate catalyst for the action was the failure on Monday of the Rhode Island Share and Deposit Indemnity Corporation (Risdic), the private insurer. By law, financial institutions in Rhode Island must have deposit insurance, and the closed banks will not be allowed to reopen until cover is provided by the FDIC.

Mr Seidman described the failure of the Rhode Island insurance fund as one of the largest in several decades.

Risdic's resources were drained by the costs associated with the seizure last November of Heritage Loan and Investment, a two-branch bank in Providence, Rhode Island. Mr Joseph Mollicone, the bank's president, has been charged with embezzlement in state and federal arrest warrants and has been missing since November 8.

The 71-year-old Mr Sundlun, a maverick millionaire Democrat businessman, ordered the closure just three hours after taking office on Tuesday, saying he was declaring "a bank emergency in Rhode Island." The new governor, who is fond of citing his Depression era childhood and his admiration for President Franklin Roosevelt, has denied that his bank closure order was politically motivated.

An official at the Federal Reserve in Boston, which has responsibility for Rhode Island, said consultations were underway with state officials yesterday to decide what to do about cheques drawn on the closed banks and not yet presented.

Having shut down the banks Mr Sundlun is now finding that Rhode Island's ability to mount a rescue is inhibited by the state's budget problems. Any state funds required for a partial bail-out would have to be found in spite of a $162m state budget deficit that must, by law, be eliminated before the state's fiscal year ends on June 30.

US administration expects mild economic recession

By Michael Prowse in Washington

PRESIDENT George Bush conceded yesterday that parts of the US were "clearly in a recession" as further evidence emerged that the US economy was slowing.

Mr Bush ruled out increased federal spending as a way of putting America back to work. "These short range government spending answers have historically proved counterproductive, and I will not embrace them," he said.

There was no need to attempt to accelerate recovery because the downturn was likely to be mild and relatively short-lived, he said.

Evidence of a slowdown which emerged yesterday included:

- A White House forecast that gross national product would contract at an annual rate of 3.4 per cent in the fourth quarter of 1990 and 1.3 per cent in the first quarter of this year.
- The sixth consecutive monthly decline in the index compiled from surveys of purchasing managers.
- A 0.6 per cent decline in construction spending in November.

Mr Bush's remarks, in a television interview broadcast last night, came as a leaked White House economic forecast showed gross national product contracting. The forecast showed no significant recovery until the third quarter of this year.

Further confirmation of the slowing economy was provided when the nation's purchasing managers announced the sixth consecutive monthly decline in their closely watched index of economic conditions.

George Bush: concerned recession is "hurting"

Michael Boskin: looking for "long-term" solutions

The purchasing managers' index fell to 40.4 per cent, the lowest level since the trough of the 1981-82 recession. The decline was sharper than financial markets had expected and led to an immediate rise in bond prices on expectations of future cuts in interest rates.

A fall of the purchasing managers' index below 50 per cent is generally taken to indicate a declining manufacturing sector; a level of below 44 per cent that the whole economy is contracting.

The gathering signs of recession were accompanied by the start of an industry-wide cut in bank interest rates. Citibank and Morgan Guaranty, two of America's largest banks, led yesterday's decline by announcing a half point cut in their prime lending rates to 9.5 per cent.

The move, which followed a similar announcement by BankAmerica on Tuesday and cuts by a clutch of small regional banks before Christmas, was a belated response to monetary easing by the Federal Reserve, the US central bank, in December.

Mr Marlin Fitzwater, the White House spokesman, said the lower interest rate should be helpful in softening the impact of the economic slowdown.

Mr Bush said he saw "no evidence of a deep recession" and claimed that some pockets of the economy were "extraordinarily strong".

However, he said he was concerned because some people were "hurting".

Mr Michael Boskin, the president's chief economic adviser, said that the fiscal 1992 budget, which is currently being prepared, was likely to contain various measures to spur growth.

But they would be measures that would be "good for the long term, not just short run palliatives". Many Republicans are urging Mr Bush to reintroduce plans to cut the rate of capital gains tax as a means of enhancing growth.

Mr Boskin also said the White House would make sure that bank examiners did not over-react to the savings and loan crisis and discourage bankers from making safe loans needed to keep industry expanding.

The leaked White House forecast, which is intended to provide preliminary guidance for departments and agencies preparing fiscal 1992 budgets, is broadly in line with recent private sector forecasts.

It includes a steep drop in GNP in the fourth quarter of last year and projects a peak rate of unemployment of nearly 7 per cent this summer. A recovery does not get properly under way until the third and fourth quarters.

However, the White House has a reputation for making optimistic forecasts and is thus likely to be underestimating the scale of any downturn.

Private forecasters have recently begun revising down their forecasts because most recent indicators have been significantly weaker than expected.

Among these were the composite index of leading indicators registered its fifth successive decline in November, falling 1.2 per cent; durable goods orders fell 10.5 per cent in November; industrial production by 1.7 per cent and non-farm employment by 267,000.

US economy, Page 5; UK forecasts, Page 12

High energy cost will force up Soviet food bills

By Quentin Peel in Moscow

DRASTIC retail price rises for food and consumer goods will be introduced in the Soviet Union in the next six months.

The rises follow huge increases in the energy, raw materials and engineering equipment bills facing all Soviet enterprises.

The announcement yesterday was tempered with the promise that the government measures would include automatic compensation for the price rises in pensions, wages and allowances.

Details of the central government's plans for controlled price reform were spelt out by Mr Anatoly Komin, the deputy chairman of Goskomtsen, the State Committee for Prices.

He was speaking after the publication of an interview in Pravda, the Communist party newspaper, serving notice of the future retail price rises.

The news, however, seems certain to spark a new round of panic buying for any commodities still left in Soviet shops.

Although Mr Komin promised that there would be no retail price rises in January (except for the cost of bottles for vodka, wine and soft drinks), he said "radical measures aimed at reforming retail prices" were essential in the first six months of 1991.

He gave no examples of likely food price rises, but quoted instead increases of between 50 and 70 per cent for cars, radios and television sets, refrigerators and washing machines.

Mr Komin said the steep wholesale price rises introduced on January 1 included a 100 per cent rise in oil prices, 50 per cent increase in metal prices, 100 per cent for timber and timber products and a 40 per cent increase for all engineering equipment.

From Jan 1, the oil price for enterprises had gone up from Rbs30 to Rbs70 per tonne, and the gas price from Rbs26 to Rbs52 per thousand cubic metres from the first day of the year.

Producers cannot automatically pass on the increases as retail price rises. As a result, until retail price rises are permitted, the wholesale prices will force the government to pay huge subsidies to producers.

But Mr Komin warned yesterday that it was impossible to maintain the current level of subsidies, which cost Rbs90bn in 1990, and would cost up to Rbs150bn in 1991.

Mr Komin's statement confirms that the central government, with the apparent blessing of President Mikhail Gorbachev, is pressing ahead with its original proposals for administered price rises.

The alternative radical strategy, which was proposed by the Shatalin Plan for a 500-day transition to a market economy, called for drastic curbs in credit and money supply, combined with outright price liberalisation.

Under the government strategy, only the prices of luxury goods have been liberalised. That measure was announced on November 15, although several Soviet republics have refused to implement it.

Continued on Page 12

Shevardnadze fears army crackdown, Page 3

Poos holds out Middle East talks as incentive to Baghdad

By Lionel Barber in Washington and Ian Davidson in Paris

MR Jacques Poos, the Luxembourg foreign minister, yesterday held out the possibility of a wide-ranging agenda of Middle East negotiations as an incentive for an Iraqi withdrawal from Kuwait.

Mr Poos, who will preside over the European Community's eleventh-hour Gulf initiative in Luxembourg tomorrow, said such a move would be designed "to explain to [Iraqi President] Saddam Hussein what we see as a postwar scenario, with the evacuation of Kuwait as a pre-condition".

It is now clear that some western countries are trying to tempt Iraq into a withdrawal by holding out the possibility of broader Middle East peace talks after an Iraqi pull-out. This would not give Iraq a tangible reward for the invasion but it would allow Mr Saddam Hussein to say he had made a contribution to the Palestinian cause.

The US, meanwhile, left open the possibility of high-level talks with Iraq aimed at averting a war but insisted that it was up to Mr Saddam to make the first move toward a compromise on dates.

In a further sign that US president George Bush wants to keep diplomatic options open, the White House said Mr James Baker, US secretary of state, may visit the Middle East next week to consult with Gulf allies.

Mr Baker's mission would probably take place shortly before the January 15 deadline set by the United Nations for Iraq to withdraw from Kuwait.

US officials played down the idea that Mr Baker may be carrying a fresh initiative, but the White House was careful not to rule out a possible meeting with Mr Saddam.

Some European allies as well as leading members of Congress have voiced unease about the failure to break the stalemate over dates for high-level talks between Washington and Baghdad first proposed by Mr Bush a month ago.

The Iraqis put forward January 12 but the US regards this as too close to the UN deadline and wants a date no later than today.

Mr Marlin Fitzwater, White House press secretary, said it was up to Mr Saddam to "make any move for peace". Asked if Mr Bush would sanction a meeting after January 3, he replied: "We'll wait to hear from them.

Mr Mohammed Mashat, Iraq's ambassador to the US, has returned to Washington after consultations in Baghdad. He is expected to resume contact with the State Department shortly.

However, another means of arranging the talks could come through tomorrow's EC meeting in Luxembourg. Mr Hans-Dietrich Genscher, the German foreign minister who called for the meeting, said yesterday that there were "good grounds" to say that a US-Iraqi meeting would proceed.

Mr Poos held out the possibility of a wide-ranging agenda of Middle East talks as an incentive for an Iraqi withdrawal from Kuwait. "In one or several conferences", he said,

Continued on Page 12

Other Gulf News, Page 4

CONTENTS

Delors shines amid a bunch of managers rather than thinkers

Without the charisma of Jacques Delors, the EC president, the glory achieved by the 16 members of the Brussels executive would probably have lapsed into a picture of grey officialdom.

Page 3

MARKETS

STERLING
New York lunchtime:
$1.941
London:
$1.9425 (1.93)
DM2.895 (2.885)
FFr9.8525 (9.82)
SFr2.4525 (2.46)
Y261.25 (261.75)
£ index 93.8 (93.7)

GOLD
New York: Comex Feb
$391.1
London:
$392.25 (391.5)

N SEA OIL (Argus)
Brent Feb
$26.50 (27.80)

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime:
DM1.4915
FFr5.0775
SFr1.265
Y134.65
London:
DM1.49 (1.495)
FFr5.0725 (5.0875)
SFr1.262 (1.275)
Y134.5 (135.65)
$ index
Tokyo: closed

US LUNCHTIME RATES
Fed Funds $7\frac{5}{8}$%
3-mo Treasury Bills: yield: 6.65%
Long Bond: $106\frac{3}{8}$
yield: 8.15%

STOCK INDICES
FT-SE 100:
2,128.3 (-15.2)
FT Ordinary:
1,555.7 (-18.0)
FT-A All-Share:
1,025.13 (-0.7%)
New York lunchtime:
DJ Ind. Av
2,634.41 (+0.75)
S&P Comp
329.81 (-0.41)
Tokyo: closed

LONDON MONEY
3-month interbank:
closing $14\frac{1}{16}$% ($14\frac{1}{32}$)
Liffe long gilt future:
Mar $88\frac{3}{8}$ ($88\frac{1}{32}$)

Turkish unions to defy ban on general strike

By John Murray Brown in Ankara

A *LAST-DITCH* effort to head off today's Turkish general strike appeared to have failed last night despite a flurry of separate meetings involving the Motherland party government, union leaders and the military high command.

For the first time since the army coup of 1980, unions looked set to challenge the country's restrictive labour laws, in defiance of an Ankara court injunction served on Monday on Turk-Is, the main union federation, which said the threatened strike action was politically motivated and in violation of the 1982 constitution.

Already 50,000 miners on the Black Sea are on strike, together with 100,000 workers from the car and steel sectors. Workers in the textile industry, Turkey's largest export earner in 1990, are set to join. Paper workers are also preparing to strike. In addition professional groups like lawyers and doctors are backing the union action.

In the wake of today's threatened one-day action, the authorities are bracing themselves for further labour unrest. The Ankara city governor has warned that all legal means will be used to prevent a march by striking coal miners planned for tomorrow. Adding to the tension, a minister has called on employers to report to the public prosecutor's office the names of all those who stay away from work today.

Meanwhile, opposition parties – the conservative True Path Party and the Social Democratic Populists – have voiced support for the unions and are to hold a mass rally over the weekend.

Union discontent covers a range of issues from the 60 per cent inflation rate to fears about Turkey's role in any war in the Gulf. The problems are coming home to roost after a decade of restrictive labour legislation and pay restraint, a major factor in the competitiveness of Turkey's exports.

Unions are demanding better working conditions and wage increases of up to 500 per cent. Coal unions have rejected the government's TL250bn (£45m) package which would give the coalminers increases of around 100 per cent. According to figures in a council of ministers' report, the state coal company is expected to lose TL838bn in 1990, the most of any public enterprise.

Both opposition parties have condemned the tactics of the government and are now threatening to withdraw from parliament to force early elections.

The opposition is exploiting the situation, aware that President Turgut Ozal's political

President Ozal: authority badly damaged

authority has been badly damaged by last month's surprise resignation of General Necip Torumtay, Turkey's chief of general staff. In Turkey the army is still a major force. But all parties will remember that it was the labour chaos that in part prompted the army to intervene in the 1980 coup d'etat.

Yesterday the government seemed divided over strategy with Mrs Imren Aykut, the labour minister, reportedly urging the cabinet to adopt a more conciliatory line.

Balance of political power shifts to Walesa

By Christopher Bobinski in Warsaw

POLITICAL power in Poland is shifting to the president's office at the expense of the government and parliament, following election of Mr Lech Walesa to his country's most prestigious post.

Over the past few days, Mr Walesa has played a key role in the formation of a new government, to be headed by Mr Jan Krzysztof Bielecki, whose nomination as prime minister will be approved by parliament tomorrow.

Yesterday, Mr Walesa appealed to parliament not to indulge in "political polemics" when approving the new cabinet. Mr Bielecki is expected to present his government to parliament which will then vet the candidates.

Mr Walesa said the government "should not become an arena of political strife, but be allowed to work in conditions enabling it calmly to build the new economic order".

Gazeta Wyborcza, a Warsaw daily, yesterday quoted Mr Leszek Balcerowicz, finance minister, as saying he had agreed to stay on in Mr Bielecki's cabinet in his present job as deputy premier responsible for the economy.

Mr Andrzej Drzycimski, Mr Walesa's spokesman, said: "We can clearly say that the political centre has shifted to the Belweder (the president's Warsaw residence)".

He was commenting on a series of meetings Mr Walesa is holding with political leaders, aimed at forming a presidential advisory body.

If all the leaders of Poland's larger parties and small movements agree to join this council, Mr Walesa would have a powerful political organ at his side.

Mr Drzycimski said the council would "in a sense" replace parliament until free parliamentary elections can be held.

It would "deal with issues arising before the elections until a new political system has emerged".

Mr Walesa has yet to clarify when he wants to call elections in the late spring or towards the end of 1991.

A press falling prey to political conflicts

Patrick Blum on how Portuguese newspapers are competing for dwindling revenue

PORTUGAL'S daily and weekly press remains in crisis, with too many publications chasing too few readers, and the closure of two more newspapers.

More closures and regroupments are likely as Portugal's media prepares for the the advent of private television which will further sharpen competition for advertising revenue.

Of the two closures last year, that of the Diario de Lisboa, one of the capital's three evening newspapers, caused the greatest upset, though its demise had been expected. Launched in 1921, the Diario de Lisboa had a long and respected history that spanned over the long years of the Salazar dictatorship of which it became one of the most articulate critics.

As domestic politics turned sharply left in the wake of the 1974 revolution, the newspaper fell prey to bitter ideological conflicts from which it never recovered, causing it to lose credibility and readers. Sales dwindled to about 10,000 as did advertising revenue and several attempts to find new finance failed after prospective backers pulled out after judging the risks too great.

The second closure was of Tempo, a weekly launched in 1974 to proclaim a staunchly anti-communist message. Unable to adjust to changing times, and with a circulation down to about 3,000 copies, it disappeared due to lack of interest. Since 1974-75, when newspapers were a battlefield for rival political groups, politics have tended to play a disproportionately high role in the life of Portuguese newspapers.

After the nationalisation of a large chunk of the press in 1975, the state-owned newspapers survived though state and political patronage. Long-established titles such as O Seculo went under. There were exceptions. Expresso, a respected quality weekly newspaper launched in January 1973, survived the political upheavals of 1975. Today it is the leading national newspaper with a weekly circulation of about 130,000 and edging upwards.

Mr Francisco Pinto Balsemao, Expresso's editor and majority shareholder, says the paper's circulation compares well with established weekly newspapers in Britain, taking into account the size of Portugal's market and population of 10m.

If politics were primarily responsible for many newspapers' failure in the 1970s, poor planning and bad management exacerbated the crisis in the 1980s. Rapid economic expansion in the second half of the decade, encouraged the appearance of more new titles as corporate groups moved into publishing.

Despite the newcomers and the growing success of weekly magazines covering everything from fashion to sports and hobbies, by the end of the 1980s, newspaper sales were still below levels attained before the revolution, when several publications including the Diario de Noticias and the Diario Popular in the evening, could each boast a circulation of over 100,000.

The Diario de Noticias, to be privatised next year, now claims an average circulation of around 60,000, while the Diario Popular barely keeps its head above water with around 10,000. The crisis became more acute in the past three years and hit the daily newspapers hardest. Even the country's most successful daily newspaper, the Correio da Manha, a populist tabloid, has seen its average circulation drop from an average of 68,000 copies in the January-April 1989 period to 64,500 in first six months of this year.

Mr Mario Bettencourt Resendes, deputy editor of the *Diario de Noticias*, says the Portuguese press faces the same problems as the press the world over, but with additional problems specific to Portugal.

Politics and misplaced corporate ambitions were important factors, he says, but the market was never fully developed and readership remains low compared to other European countries.

About 60 people out of 1,000 buy daily newspapers in Portugal, compared with 400 in Sweden. Newspaper sales are concentrated mostly in more populous parts of the coastal area between Oporto in the north and Lisbon, and in the Algarve. "There are no national newspapers and only a very weak regional press," he said.

Publico, a slick quality daily launched last March, was aimed at establishing a truly national newspaper with simultaneous printing in Lisbon and Oporto. Its circulation, currently at around 40,000, is still weighed heavily in the south, despite the paper's strong links with northern business.

In advertising, the Diario de Noticias has been the most successful among dailies, with corporate advertising revenue of Esc1.1bn ($8.2m) in the first seven months of this year.

In its first five months Publico earned Esc510,000, but the paper is weak on the lucrative personal advertising side. Of the weekly newspapers, Expresso leads the way and is expected to earn about Esc5bn this year.

Expenditure on advertising has grown strongly since 1988, and is expected to reach about Esc50bn this year. About 45 per cent of that total has gone to the two state-owned television channels, the recently renamed Canal 1 and RTP 2. Television's relative share of advertising has declined from 58 per cent in 1986, though this may indicate an adjustment due to more accurate viewing figures than before.

The written press's share was almost 37 per cent (up from 28 per cent in 1986), radio's under 8 per cent (down from 14 per cent in 1986), the rest was for outdoor advertising.

Competition is likely to become much fiercer, and the advent of private television within the next two years will increase pressure.

Mr Resendes foresees more newspaper closures and worries about the consequences of growing press ownership concentration. "There is something dangerous about press (ownership) concentration in Portugal because of the weakness of social structures. We need safety valves to prevent conflict," he said.

Albania denies provoking exodus to Greece

ALBANIA rejected charges from neighbouring Greece yesterday that it was creating a mass exodus of ethnic Greeks to help the ruling Communists win the country's first multi-party elections next month, Reuter reports from Vienna.

About 5,000 Albanians, most of them ethnic Greeks, have braved heavy snow to cross the once heavily-guarded border with Greece in recent weeks. About 3,000 were estimated to have flooded into Greece in a single night on December 31.

The official Albanian news agency ATA said the Communist government decided at an extraordinary meeting on Tuesday night to set up a special committee to examine the exodus, the second from the Communist state in six months.

"The meeting underlined that the People's Socialist Republic of Albania has not incited and does not incite the departure of its citizens from their country, as claimed by certain circles," the agency said.

Greece alleged the Albanian authorities had spread rumours that the border would close and intensified police harassment of ethnic Greeks to encourage them to flee so that they would play no role in the February 10 parliamentary elections.

"This is a crude trick by Tirana aimed at evacuating northern Epirus (southern Albania) of its indigenous element which has been there for thousands of years," Greek government spokesman Byron Polydoras said in Athens.

Many refugees have said they have no faith in pledges by President Ramiz Alia to introduce democratic reforms that would bring the country, Europe's poorest and for decades its most repressed, into line with the rest of Europe.

Mr Alia last month decided to allow opposition parties for the first time in 46 years of Communist rule but has rejected a demand by the fledgling opposition Democratic Party to delay the elections until May to give it time to organise.

Mr Arben Imami, one of the new party's founders, said the Democratic Party believed the exodus would reduce its election chances but had no evidence that it was engineered.

"We are against this exodus. These are people who would vote for us. We are against abandoning the country," Mr Imami said.

He said the party would hold rallies today on Thursday in Shkoder and Durres, two of four Albanian towns where the army last month put down anti-communist riots for postponing the elections.

The latest exodus has already equalled in scale a mass flight last July, when thousands of Albanians left for the west after seeking refuge in Tirana's foreign embassies.

Many of those arriving in Greece said they had walked for nine to 15 hours.

Greece has become increasingly alarmed by the exodus. Prime Minister Constantine Mitsotakis is due to make the first visit to Tirana by a Greek premier on January 13 and 14.

Officials said Mr Mitsotakis would stress to Mr Alia the need to press on quickly with political reforms and would appeal to the Greek community to stay at home.

The Financial Times (Europe) Ltd - Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

INTERNATIONAL NEWS

Delors shines amid a bunch of managers rather than thinkers

Lucy Kellaway in Brussels gives her verdict on the EC commissioners

FOR a bunch of failed politicians – as the former British minister Mr Nicholas Ridley would have it – the 17 EC Commissioners seem to have finished the first half of their four-year term heaped in glory.

The Brussels executive has never been so powerful: the single market is rolling along nicely, and the big future, defined by the little words Emu and Epu, is happening with unbelievable speed.

Yet the commissioners' half-term report casts a different light on matters. The reason for the commission's increasing power is to be found as much in Bonn as in Brussels; and the forces from within the Berlaymont come from the office of the president himself. The other 16 commissioners have emerged after two years as a disappointingly grey lot, with little of the spark or grit of predecessors such as Lord Cockfield or Peter Sutherland.

For the most part pleasant and diligent, they are a group of managers rather than thinkers. They have kept a surprisingly low profile given their power – the man on the Clapham Omnibus may have heard of Mr Jacques Delors (thanks to the Sun), but of Mr Peter Schmidhuber or Mr Jean Dondelinger ignorance remains total.

Without a doubt, Mr Jacques Delors, the president, must be awarded almost all the half term prizes: for charisma, for initiative, for vision, and for giving a push to economic and monetary union. However a black mark goes to his increasing disregard for commission colleagues: on two recent occasions he has put out commission papers without even showing them to the other 16.

Next in terms of stature comes Sir Leon Brittan, who is not frightened to take on the president when the latter has spoken out of turn. A talented self-publicist, he has delivered 101 speeches from prepared texts in the last year alone. Respected rather than liked, he has done a demanding job well: the mergers policy is up and running, the squeeze has been tightened on free spending governments, and a few cartels have been busted.

Mr Carlo Ripa di Meana, the Italian socialist charged with the environment, deserves a prize for colour. Turning up to a council meeting in brilliant green rimmed spectacles, he is one of the few commissioners with the political oomph to get difficult subjects – like a carbon tax – onto the agenda. He is not a man for detail, and not one to be easily silenced. "He never talks for less than seven minutes in commission, and its more likely to be 27", was the view of an insider.

A success of a kind has been the agriculture commissioner, Mr Raymond MacSharry. No great intellect, and with a threatening physique evident beneath his Italian suits, he has staunchly defended the interests of farmers. He has kept his political options open in Ireland, and unlike most of his colleagues can look forward to a nice job when he goes home.

The commission has had its share of disappointments. One such is the Brussels veteran, Mr Frans Andriessen, who has formerly presided over competition and agriculture, and is now in charge of the EC's foreign relations. Mr Andriessen has so much to do – with Gatt, talks with the European Free Trade Association, eastern Europe – that he seems never to know which issue to concentrate on. He is a lonely figure in the commission, too territorial to have made many friends. Both he and Mr MacSharry earn large black marks for their handling of the Gatt talks, and for their childish stand-off over who was in charge.

Mr Martin Bangemann and Mr Filippo Maria Pandolfi have also failed to live up to their reputations. "Big Bangers", as he is affectionately known in British circles, left a post as economics minister in Bonn to come to Brussels, and was once seen as a future commission president. In charge of industry and the single market, this friendly man has tried to steer a middle course between the liberals (Brittan, Andriessen, Christophersen, and Scrivener) and the socialists (Marin, Papandreou, Van Miert, and Ripa), but has got lost in the crossfire. "Even his cabinet do not know what his position is on most issues", comments one.

Mr Pandolfi, who has a glittering past both in domestic politics and with the International Monetary Fund, has operated in Brussels as though he was still in Italy; refusing initially to have a cabinet at all, and then running his departments as private fiefdoms. He cannot be blamed personally for the decay of Europe's information technology industry – for which he is commissioner – but neither has he done much to stop the rot.

The two women in the commission have landed particularly thankless jobs. Ms Christiane Scrivener – a cross between Nancy Reagan and Margaret Thatcher in appearance – has been handed the near impossible task of taxation. A little bit of progress has been made on VAT, excise duties and corporate tax thanks to her pragmatic approach; if she has sometimes been flawed by finer details, her capable staff have usually been able to help.

Poor Ms Vasso Papandreou has had even less success with social policy. This Greek socialist with her sulky manner and mass of black curls, has not presented the case well, and has spent the last two years putting forward ambitious proposals only to water them down. Much of that is not her fault: the best presentation in the world was never going to convince Margaret Thatcher to sign the social charter.

Then there are the commissioners with such self effacing personalities that it is difficult to get a reading on them at all. By all accounts, the gentle Mr Bruce Millan has been handling regional policy efficiently, sorting out problems for himself, rather than giving them a public airing. Reports on the Bavarian conservative Mr Peter Schmidhuber are more doubtful. Those few who have encountered him are short on praise for the way he has handled the commission budget, which they say has been poorly organised.

By contrast, Mr Karel van Miert, the young Belgian transport commissioner is more than willing to speak up, although it is not always in EC interests when he does. Unlike some, he is not frightened of Sir Leon – and gets furious when Belgian companies are at the wrong end of competition decisions. He has, however, given a push to his difficult transport dossier, which until a year ago was stationary.

The two Spanish commissioners appear each to have done a workmanlike job in unfashionable areas: both have responsibilities for the Third World which has increasingly been left out of the EC picture. Mr Abel Matutes has created a new policy for the southern Mediterranean while dashing Mr Manuel Marin (known by Mr Delors as "El Cid") squeezed as much money out of member states for the Lomé countries as he could. The commissioners from the small countries have been given such dreary jobs, that even the most charismatic occupants would have had trouble in making a mark. Still, charisma is not something associated with Mr Jean Dondelinger, the Luxembourger charged with the media. Mr Antonio Cardoso E Cunha of Portugal loves to talk, and has slightly more spark. Yet in his ragbag of tourism, energy, personnel and small businesses nothing has been set alight.

Mr Hennig Christophersen's responsibility for economics and finance sounds anything but dull, but he has had all the excitement of monetary union poached by Mr Delors himself. Still this pleasant Dane shows no resentment and can spin as cogent an argument as any, in his quiet way.

French cabinet to meet on wave of killings in Corsica

By William Dawkins in Paris

FRENCH President François Mitterrand will hold an emergency cabinet meeting today to discuss the worsening violence in Corsica, France's poorest and most troubled region.

This comes in response to the shooting on New Year's Eve of Mr Paul Mariani, Socialist mayor of a village in the north of the island, the third in a series of apparently unrelated murders of political figures in as many months.

While there is no clear evidence the killings are politically motivated, they are a setback to the Paris government's latest attempt to resolve the island's economic and political problems. Paris proposed last autumn to take tighter control over Corsica's economic planning, offer it more autonomy in other areas and recognise for the first time the existence of a Corsican people.

Although nobody has claimed responsibility for any of the three assassinations, police fear they might indicate a breakdown of the two-year-old ceasefire by the FLNC, the largest and most extreme Corsican separatist group.

The other two victims were Mr Lucien Tirroloni, president of the regional farm council, and Mr Charles Grossetti, mayor of a village in southern Corsica. Mr Grossetti was a member of the centre-right UDF party, which in coalition with the right-wing RPR holds a one-seat majority in the island's regional government.

The violence highlights how Corsica, once the most ambitious French attempt at decentralisation, is among the handful of issues where Paris is showing impatience at the outcome of its efforts five years ago to devolve power to the regions.

The latest Corsican plan, which two months ago passed its first reading in the national parliament, would allow Paris to vet the regional government's economic development plans for the first time in eight years. Corsica would at the same time have more power over education, training, transport and tourism.

The Paris government increased central influence in another controversial area just before Christmas by appointing Mr Michel Delebarre as Minister for Cities, in response to urban riots last year. He has been asked to transfer local government cash from richer to poorer areas and will set urban policy, an area handled by local government with the help of a recently launched central task force.

The Corsican plan, drawn up by Mr Pierre Joxe, the Interior Minister, has aroused opposition among islanders loyal to France by threatening their national identity, while angering separatists by offering what they see as inadequate autonomy. Opinion polls show that three quarters of the electorate support the scheme, so the violence clearly comes from a tough minority.

Shevardnadze fears army crackdown

MR Eduard Shevardnadze says he resigned as Soviet foreign minister because he feared a repeat of military crackdowns that killed hundreds in two Soviet cities in 1989 and 1990, AP reports from Moscow.

In an interview with Moscow News, he said Soviet foreign policy would suffer if a dictatorship were imposed. Other nations would not want to pursue relations with a country that brought in a dictatorship to curb domestic conflicts.

Mr Shevardnadze's remarks, released yesterday in advance of publication, were his first public statement since he stunned the Soviet Congress and President Mikhail Gorbachev by announcing his resignation on on December 20.

He warned against a repeat of violence that occurred in the Georgian capital of Tbilisi in 1989 and in Baku last year.

Soviet troops were sent to put down a pro-independence demonstration in Tbilisi and 19 demonstrators were killed. In Baku, Soviet troops moved in after a wave of anti-Armenian attacks.

Unity on a plate

Residents of the former East German city of Potsdam queuing to get their new all German car registration plates. From yesterday all newly registered vehicles had to be equipped with plates conforming to the West German standard, the first letter indicating the name of the town of registration.

E. German companies attempt DM swindle

By Leslie Colitt in Berlin

MANY East German companies have been working feverishly to make a fast Deutsche Mark by claiming fictitious deliveries of goods to Comecon countries for non-convertible Transferable Roubles which Bonn had agreed to reimburse in DMs until last Tuesday

The attempted swindle was part of nearly DM1bn ($1.49bn) in fraudulent deals connected with German unification which are under investigation by the Public Prosecutor's Office in Berlin.

The German government agreed to pay for deliveries of goods from what was formerly east German to Comecon in DM to prevent a collapse of production in former East Germany.

The West Berlin Justice Department said yesterday that last month east German trucks of canned goods - ostensibly sold to Poland - were directed to Hamburg where the wares landed in cold-storage.

A German customs' unit discovered the fraud before the company could claim payment. But judicial inquiries are being conducted into 17 other cases where east German companies collected nearly DM700m from Deutsche Aussenhandelsbank, the Foreign Trade Bank in east Berlin, for goods contracted for, but never delivered to, customers in the east.

Ms Margarete Bräutigam, the senior public prosecutor, noted that similar fictional deliveries to Comecon countries of east German-made cars, computers and furniture took place in "incredible amounts" up to the cut-off date last Monday.

Although the practice of turning Transferable Roubles into DM was revealed early last summer, German customs officers were unable to cope with the volume of fraudulent shipping papers.

The Berlin justice officials have also launched inquiries into manipulations of more than DM200m in funds by east German political parties.

Iraq unable to complete pullout by UN deadline

By David White, Defence Correspondent

IRAQ no longer has time to make an orderly withdrawal of its armed forces from Kuwait before the United Nations deadline of January 15, according to defence experts.

A tactical pullout would take the Iraqi army at least two weeks, they said.

Emergency withdrawal would be feasible in one week, but this would mean leaving behind ammunition and other stores in Kuwait.

Under UN Security Council Resolution 678, the US and its allies are authorised to "use all necessary means" if Iraq has not completed an unconditional withdrawal on or before January 15.

It now seems the best Washington can hope for is that a withdrawal would be partially completed by that date.

Iraq is reckoned by military analysts to have some 290,000 troops in Kuwait, with around 2,000 battle tanks, 1,600 armoured personnel carriers and 1,600 artillery pieces.

These forces are estimated to be backed up by a further 240,000 in bordering regions of southern Iraq, making a total of between 33 and 35 divisions in the area, with about 70 per cent of the country's strength in tanks and heavy guns.

Official US Department of Defence estimates put the figure slightly lower at a total of 510,000 in and around Kuwait.

The first echelon of Iraqi forces, nearest Kuwait's southern border, consists mainly of infantry dug into defensive positions with only small numbers of tanks and armoured vehicles, and therefore very limited mobility.

These forces, deployed behind an obstacle belt of sand barriers, ditches and minefields, are backed up by a second-echelon line and a third echelon to the north-west of Kuwait City.

Additional troops have been concentrated in the south-east of Kuwait since November.

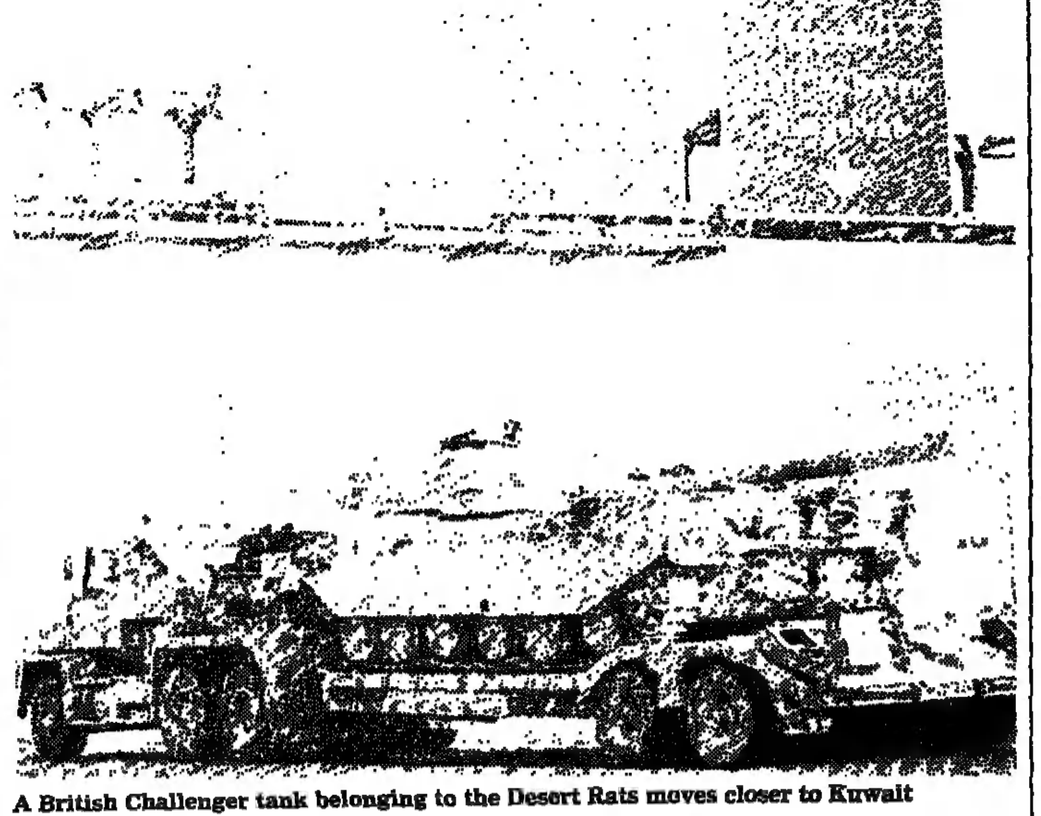
Iraq's Republican Guard, with the country's best troops and most modern equipment, which carried out the invasion on August 2, is mostly now back in Iraq, grouped in an area straddling the northern Iraq-Kuwait border southwest of Basra.

Smaller Iraqi forces are also defending the disputed Kuwaiti islands of Bubiyan and Warbah.

A flotilla of 13 ships with 7,500 US marines left the Philippines yesterday on its way to the Gulf, where the US is due have in place by January 15 the biggest amphibious assault force assembled since the Korean War.

The seaborne troops, en route from San Diego, are due to join the 4th Marine Expeditionary Brigade in the Gulf off north-eastern Saudi Arabia.

US military officials said American forces in the Gulf now totalled more than 325,000, including ground forces of 250,000.



A British Challenger tank belonging to the Desert Rats moves closer to Kuwait

Baghdad hopes EC will provide some diplomatic leeway

Saddam braced to keep troops inside Kuwait

By Lamis Andoni, recently in Baghdad

IRAQ is bracing itself to resist the United Nations deadline of January 15 and continue its occupation of Kuwait. But officials in Baghdad hope that tomorrow's meeting of European foreign ministers may help provide a diplomatic opening with the US.

The Iraqi government believes that if Iraq hangs on past the deadline, European and other countries will press the US into opening talks.

Even without signals from European countries that they would step up efforts to ensure the US-Iraq talks took place, Baghdad would not withdraw. Baghdad officials say Iraq would view any pull-out before the deadline as amounting to capitulation to the US.

One official, close to the government, said: "If we accept a partial withdrawal before January 15, then the US will avoid negotiations and will only push for further concessions".

Nevertheless, Iraq does appear more willing to compromise on a date for talks in Baghdad with Mr James Baker, the US secretary of state, who is considering a trip to the region next week.

Arrangements for Mr Baker's proposed visit to Baghdad broke down over disagreement on dates. The US said he would only be prepared to visit before January 3, while Iraq insisted he could come only on January 12. Washington rejected this date as too close to the UN deadline.

Now, however, Iraqi officials suggest they could accept any date for a visit by Mr Baker from January 3 to January 12, provided the date was not imposed by Washington.

Baker: talks still uncertain

Arab officials and western diplomats said a date suggested by a third party might solve the stand-off. Germany, which called for tomorrow's meeting of EC foreign ministers, is believed to be among several countries to have expressed willingness to mediate over the date.

For Iraq, the battle over dates is crucial to its aim of pressing Washington into reconsidering its relationship with Iraq and the Arab World.

Iraqi officials argue that if the US is concerned to preserve its interests in the region, it should deal with Arab countries on an equal basis. For Iraq, the way in which Washington handles arriving at a date for a meeting could be the beginning of "an equal relationship".

"Washington either accepts January 12, or allows each president to fix the date for the other country's foreign minister's visit, therefore allowing for an equal relationship," a senior Iraqi official said. "The Americans will have to compromise, they cannot expect others to make concessions".

However, western diplomats say that Baghdad's expectation that European intervention will provide some diplomatic leeway is wishful thinking. Most believe that no countries, European or otherwise, seeking a mediating role can prevent a war without Iraq first having taken some practical steps towards withdrawal.

Iraqi officials concede that so far, no countries which have offered to mediate have deviated from the UN resolutions. "None of the European mediation efforts were really serious. The bottom line has always been the Security Council resolutions," one senior Iraqi official said.

The official insisted that the unconditional implementation of all UN resolutions would reflect the US influence over European policies and foster US "hegemony in the region". Instead, he argued, Europe should pursue "independent policies" from those of the US to play an "influential role".

Turkey to get 50 Nato aircraft

By David Buchan in Brussels

TURKEY will next week receive nearly 50 aircraft from Germany, Italy and Belgium, after Nato's Defence Planning Committee (DPC) decided yesterday to help its eastern-most member deter any Iraqi attack.

Germany, Italy and Belgium provide aircraft for the air component of the Allied Mobile Force (AMF), which Turkey has asked be deployed on its south-east border.

It was announced that the three-nation force would reach Turkey between January 6 and 10 to show Nato's "collective solidarity and determination in face of potential threat to allied territory". The White House greeted the move as showing allied unity in face of Iraq's invasion of Kuwait. The force should be in place before the January 15 deadline for Iraq to quit Kuwait.

Deployment is within Nato territory, but the Turkish request provoked some controversy in Germany, where some Social Democrat opposition members claimed that German participation required two-thirds approval by the Bundestag. But yesterday's Nato communiqué stressed the AMF aircraft deployment would be subject to "close and constant review" by the DPC.

The Belgian government, which like Italy but unlike Germany has warships in the Gulf, yesterday showed its nerves about sending aircraft so near Iraq. The cabinet stressed the "deterrent and preventive" nature of the AMF's mission in patrolling Turkish airspace. "The route of these patrols must be fixed to avoid all risk of misunderstandings and provocations."

Arab ministers in drive to avoid war

By Tony Walker in Cairo

THE FOREIGN ministers of Egypt, Syria and Libya held two rounds of talks in Cairo yesterday amid signs that the Arab leaders are mobilising for a last-minute diplomatic drive to avert war.

King Hussein of Jordan arrived in London at the beginning of a European tour that will also take him to Paris, Rome, Bonn and Luxembourg. The king will meet Mr John Major, the British prime minister, today.

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation and one of Iraq's strongest Arab supporters, said in Baghdad that he believed war would not break out when the UN January 15 deadline for Iraq's withdrawal from Kuwait falls due.

"I cannot believe there is a new Nero ready to plunge the world into war and destruction," Mr Arafat told Le Figaro, the Paris daily.

In Cairo, the foreign ministers met for a first session in the morning, then held a 75-minute meeting with President Mubarak, before continuing their discussions among themselves. Egypt, in recent days, has stepped up its calls for a peaceful settlement.

But Iraq has shown no sign of compromise. The Iraqi newspaper, al-Thawrah, said yesterday that Iraq had completed its combat preparations and warned the US of dire consequences of war.

"We confidently tell Bush ... and those who ally themselves with him ... that the results of confrontation will be against their wishes," INA, the Iraqi news agency, quoted the paper as saying.

While Libya has demanded Iraq's withdrawal from Kuwait, it has also condemned the presence of foreign forces in the region. As time runs out before the UN deadline, the propaganda war on both sides intensifies.

Iraqi statements have become more hardline and its opponents are starting to reply in kind through third parties.

A new radio station, calling itself the "Voice of Free Iraq", has started broadcasting using frequencies provided by Syria, Egypt, Saudi Arabia and other Gulf states.

> 'Saddam Hussein has turned his country into an edifice of terror'

Its particular target is Mr Saddam Hussein, the Iraqi president.

Commentaries interspersed with popular songs and news items place the blame for the present crisis in the region squarely on the shoulders of the Iraqi ruler.

One of the radio commentaries described President Saddam as a tyrant and a despot who had turned Iraq into an edifice of terror.

"The only project in your life in which you have achieved an unparallelled success was the erection of this large prison and edifice of terror the foundation of which you have dug in every Iraqi home," the commentary said.

The Radio described itself as "the voice that conveys the truth to every Iraqi home" and said it would be "an information back-up for the Iraqi people's struggle"

Death throes grip Somalia's bankrupt regime

Julian Ozanne on a new tragedy

REPORTEDLY holed up in an underground bunker near the airport, President Mohamed Siad Barre was yesterday desperately trying to cling on to power in the disintegrating Somali capital, Mogadishu.

Few observers give the president, 80, much chance of surviving after 21 years of strong-arm rule which began with promises of democracy and justice and has progressively deteriorated into anarchy and tribal warfare, with government soldiers going on a spree of rape, pillage and murder.

"These are the terminal throes of a bankrupt regime," said one western diplomat.

But whatever happens, Somalia is poised to become another Liberia with violently antagonistic clans pursuing deep-seated rivalries and vendettas, threatening the fragile stability of the region.

It is a blood-stained legacy that any future administration will find hard to overcome.

The Somalia that Mr Barre, then army commander, seized in a bloodless coup in 1969 was already beset with tribalism and political instability.

Independence in 1960 had thrown together two separately administered territories, Italian Somalia in the south and British Somalia in the north.

In an attempt to forge a sense of national unity, Mr Barre declared the establishment of "scientific socialism" under the slogan "tribalism divides, socialism unites".

He courted the communist bloc and allowed the Soviet Union to establish a naval base at Berbera and to train and supply his army.

But the goal of national unity was elusive. In an attempt to tap the deep strain of greater Somali nationalism, President Barre declared an ill-fated war against Ethiopia in 1977, in which he hoped to annex the mainly ethnic Somali region of the Ogaden.

With the backing of Saudi Arabia, he cut diplomatic relations with Cuba, withdrew his offer of military facilities and expelled 6,000 Soviet troops. But western promises of military assistance failed to materialise and with Soviet and Cuban backing, the Ethiopian government routed the Somali invasion.

Mr Barre's humiliating defeat undermined his credibility and popularity, and in 1978 a group of tribal dissidents and disgruntled army officers tried to overthrow his regime.

The coup was crushed easily but the Ogaden defeat marked a fundamental turning point.

Severe reprisals against the Majeerteen clan, many of whom were implicated in the coup, alienated an important group. Ethiopia gave support to rebel groups operating in northern Somalia, and Mr Barre turned increasingly inwards to his own clan to maintain his shrinking power base.

The US moved into the vacuum left by the departing Soviets, now entrenched in Ethiopia, but the relationship with the west was always uneasy, marred further by the president's links with Libya.

> The rebels besieging Mogadishu formally rejected peace talks with the Barre regime yesterday, saying they would fight on until he is removed from power, writes Julian Ozanne.
>
> UN staff evacuated to Nairobi confirmed that heavy fighting was continuing for a fifth day running. The government was reported still to control the airport, city centre and the radio station. Evacuation plans for hundreds of foreigners, including 400 Italians and 80 Britons, received a setback when the government refused landing rights for Italian military aircraft.

At home, Mr Barre's attempt to forge a Somali nation also failed because he did not practise what he preached.

While he talked about eliminating tribalism, he packed senior positions in the army, civil service and government with members of his Marehan clan and his immediate family.

"Twenty-one years of violent behaviour by the government have eroded public confidence in the efficacy of working within the system as a means to bring an institutionalised dictatorship to an end," said a recent report by Africa Watch, an international human rights organisation.

Dissidents who tried to lobby within the system were detained, tortured or killed.

Several massacres were reported in the past two years, including an incident last July when more than 100 people were shot dead at a soccer stadium when they shouted anti-government slogans at Mr Barre.

In the north, at least 50,000-60,000 people died of war-related causes between May 1988 and January 1990 and more than 400,000 Somalis have fled across the borders to escape government retaliation and bombing raids.

As rebels took control of most of the country, the president became dismissively dubbed "the mayor of Mogadishu".

But until last weekend the rebels seemed reluctant to push into the city.

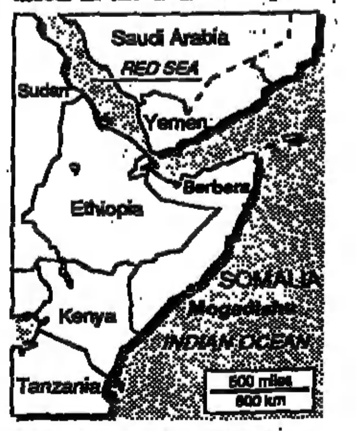
Now Mr Barre's chances of survival are poor. The rebels refused yesterday to negotiate with him and are determined to force him out.

But he remains trapped in a stronghold protected by his presidential bodyguard and tribal militias who have no option but to keep on fighting if they are to save their lives.

For Somalis, the tragedy, which has already claimed 500 lives in the last four days, may be prolonged. If so, the chances of instability flowing over into neighbouring Ethiopia and Kenya will increase.

Superpower involvement and interest in the country is now minimal. The US, which still has a military access agreement to use the ports of Berbera and Mogadishu, has completely shunned its Somali assets in the Gulf build-up.

Barre: holed-up near airport



Clashes in Gaza as UN envoy arrives

By Judith Maltz in Jerusalem

THE arrival in Israel yesterday of the president of the United Nations General Assembly, Mr Guido de Marco, coincided with violent clashes in the Gaza Strip in which one Palestinian was killed and at least 16 wounded.

Israeli troops killed four Arabs on Tuesday, the 26th anniversary of the first guerrilla attack by the Palestine Liberation Organisation's Fatah movement.

Most of the 1.75m Palestinians in the occupied territories had been confined to their homes to prevent unrest. The army said it had lifted curfews on all areas of Gaza except for the town of Rafah, adjacent refugee camps and the village of Bani Suheila.

Residents reported clashes between Israeli soldiers and Palestinians in Nuseirat camp and Khan Younis.

The visit by the UN General Assembly president was in response to the October 8 killings of 18 Arabs on the Temple Mount in Jerusalem.

Israel rejects any form of UN intervention into its handling of the occupied territories and their Arab residents.

Although he is not an official guest, Mr de Marco will meet Mr David Levy, the foreign minister, today. On Friday, he is scheduled to meet Palestinian representatives in the Gaza Strip.

Israeli officials said they did not understand the timing of the UN representative's visit, given the Gulf crisis. They also expressed concern that the visit might encourage the arrival of other UN officials to monitor Israeli treatment of Palestinians.

The latest wave of violence in the occupied territories began on Saturday when Israeli troops shot dead two masked Palestinians, carrying knives, who ignored orders to stop.

Another two Palestinians were killed in ensuing riots.

● Israel's population in 1990 grew by the largest rate since 1951, thanks to a wave of Soviet Jewish immigration. According to the Central Bureau of Statistics, Israel's population grew 5.8 per cent last year to 4.8m.

Approximately 200,000 Soviet Jews immigrated to Israel last year.

Oman reports growth in its GDP of 9.4 per cent

OMAN yesterday reported 9.4 per cent growth in its 1990 gross domestic product to Riyals 3.591bn ($9.3bn) at current oil prices, according to the country's Development Council, Reuter reports from Nicosia.

The council said oil contributed 44 per cent of total GDP. Oil revenues were estimated at Rys1.587bn, with most coming from crude oil and only Rys46.3m from natural gas.

In 1989, oil's contribution to the GDP was Rys1.462bn, 8.5 per cent less than 1990. The council's statistics put the contribution of non-oil sectors to the 1990 GDP at Rys2.004bn, 10 per cent higher than the previous year's Rys1.820bn.

The non-oil sectors included refineries, electricity, construction and commerce.

Only the minerals sector showed a decline, with a contribution of Rys7.4m, less than half of last year's.

On Tuesday, Oman announced its 1991 budget which boosted spending to Rys1.814bn and provided for a deficit of Rys237m.

Hopes of peace in Kashmir fade

By K.K. Sharma in New Delhi

PROSPECTS of a negotiated settlement with militants in Kashmir state dimmed yesterday when Mr Chandra Shekhar, India's prime minister, said that while he was anxious to find a political solution to the issue, there could "be no compromise on the integrity and unity of the country".

Mr Shekhar has invited Sikh representatives from both Kashmir and Punjab for talks and has offered to discuss amendments to the constitution short of secession.

In Srinagar, capital of Kashmir, the Jammu and Kashmir Liberation Front yesterday ruled out the possibility of talks with New Delhi within the framework of the constitution.

● Meanwhile, the government has disclosed that 890 people had been killed and 3,882 injured in Hindu-Moslem clashes since last September.

Triads exploit Hong Kong's atmosphere of crisis

A surge in organised crime is adding to the anxiety provoked by rule from Peking, John Elliott writes

LO CHIU is a 15-year-old school prefect with problems because he used an iron pipe to fight off a Triad group which tried to beat up him and his friends. Now he has a record with both the Hong Kong police and the Triads which could dog him for years unless he moves to a new area. "I am frightened – the Triads try to force us to join them," he says.

Lo is one of thousands of schoolchildren targeted by Hong Kong's criminal Triad gangs to form trouble-making youth groups that may one day grow into street gangs and run small-time protection rackets.

Though most do not progress so far, some become involved in the more organised crimes of extortion and drug trafficking, and all are branded Triads for life, which means they might be called on to take part in Hong Kong's growing crime and violence.

Hong Kong had a reputation as a highly corrupt society in the 1970s. It has been substantially cleaned up, but it is still an entrepôt for more than legitimate trade, playing a pivotal role in particular in drug trafficking. Now the colony is facing the risk of a gradual breakdown in law and order in the next few years before China resumes sovereignty in 1997. This could undermine the chances of Hong Kong surviving as an internationally important regional business centre.

In the past few months there have been shoot-outs with police in the central area, including one killing of a passer-by. The home of the chief police commissioner has been robbed in broad daylight, and a prominent businessman is believed dead after being kidnapped.

Six people were killed one night in the fire-bombing of a Kowloon club caught up in inter-gang Triad warfare, and members of rival Triad street gangs wearing distinctive white gloves for identification disrupted queues of potential buyers at a New Territories housing development.

Many crimes have been committed by illegal Chinese immigrants who are brought across the border by Hong Kong gangs to carry out crimes for which they are paid and then returned home.

The organisers face less risk of discovery if they do not use locals, while the illegals can earn far more than would be possible in China where they would face the added risk of being shot for minor crimes. Only 55 were arrested for violent crime in the first seven months of this year, but this obscures their significance.

Compounding the general problem is a slump in police morale and recruitment. The force of 26,000 is about 900 under strength, although a recent substantial pay rise is boosting job applications. Many Chinese-speaking expatriate police officers intend to leave before 1997, and the calibre of potential local recruits is declining.

Worried about growing public criticism, the police have begun to hit back, and have achieved some notable arrests of Triads and other criminals. They are co-operating closely with police in the neighbouring southern Chinese province of Guangdong, which is tackling its own sharply increasing crime.

Controversial legislation is also being prepared, giving police powers to prosecute criminals in Triad and other syndicates for general involvement in organised crime. But this will run into stiff opposition and may never come into force because it would allow police to tap phones and bug premises, although such actions would still require a court order.

Critics argue this could be misused by China after 1997. More importantly it would give police bugging access to some of Hong Kong's controversial big names suspected of criminal activities. The number of violent crimes has risen from under 16,000 in 1988 to a projected 19,000 in 1990. Incidents involving the use of firearms rose from 40 in 1987 to 85 in 1989 and 113 in the first 10 months of 1990. Car thefts have become the latest problem, rocketing from 2,980 cases in the first 10 months of 1989 to more than 4,500 in 1990.

The government tries to calm fears by pointing out that statistically Hong Kong is one of the safest cities in the world, with a projected crime rate this year of 1,510 cases per 100,000 population. In 1988, the latest year for which international figures are available, Hong Kong's figure was 1,410, compared with 10,025 cases in London, 2,633 in Seoul and 1,994 in Tokyo.

But the statistics obscure Hong Kong's sensitivity to any deterioration in social order because of its small tightly-packed living conditions.

The growth in armed crime stems from a huge increase in the number of guns – mainly 7.62mm semi-automatic pistols made by China's North Industries Corporation – which have been smuggled into Hong Kong in growing numbers since 1988.

The guns form part of an escalating illicit cross-border trade that also involves narcotics, stolen cars, and illegal immigrants.

There is a real fear of Triad activity increasing in the next few years, as it has done when Hong Kong has faced crises in the past. The total membership of active and non-active people is estimated at 100,000-150,000.

"The Triads have split into many, many sub-groups so we don't see them as a cohesive threat to law and public order," says Mr Stephen Vickers, head of criminal intelligence.

"But they are a group of people that the public are afraid of and it is much more difficult for us to investigate crimes they are involved in because people are afraid." Lo Chiu and his school friends would testify to that.

Nigeria's foreign debt grows at 8%

NIGERIA'S external debt is rising by more than 8 per cent a year, according to government figures, writes William Keeling from Lagos.

Between September 1989 and last October external debt rose from $29bn (£15bn) to $31.5bn, despite debt-servicing payments of over $2.5bn being made during the period. The increase in external debt arose despite the implementation of a debt-conversion programme under which $495m of debt has been cancelled.

The operations of the debt auction were suspended late last year but are expected soon to be reconvened.

● Flight-Lieutenant Jerry Rawlings, Ghana's military leader, has announced a leisurely timetable of political changes, Reuter reports from Accra.

He said a new constitution, replacing the one suspended when he took power in a coup on December 31,1981, would be fashioned this year.

AMERICAN NEWS

Half-point reduction may help alleviate credit crunch

Leading US banks ease prime rate

By Alan Friedman in New York

LEADING US banks cut their prime lending rate by half a percentage point to 9.5 per cent yesterday, a move that had been expected in the wake of last month's easing of interest rates by the Federal Reserve Board.

The action by institutions such as Citibank, Chase Manhattan and Morgan Guaranty came 48 hours after the Bank of America reduced its prime – the US base rate that affects the level of interest paid by consumer and business borrowers. The last time the prime was cut by most US banks was 12 months ago, where rate was lowered from 5 to 10 per cent.

Big New York banks were joined yesterday by regional banks across the country, beginning with institutions in Atlanta, Pittsburgh and Detroit.

A handful of small banks like the First National Bank of Chicago had cut their rate before Christmas, following a move by the Fed on December 18 to stimulate the US economy by cutting the discount rate from 7 to 6.5 per cent. It was that move by the Fed which made a wider range of rate reductions inevitable.

The prime rate cut may help alleviate the credit crunch that has beset the US banking system. It came on the same day that President George Bush, in a televised interview, for the first time used the word recession to describe parts of the US economy.

Mr Marlin Fitzwater, the White House spokesman, said yesterday that the lower interest rate should be helpful in softening the impact of the economic slowdown.

On Wall Street, the Treasury bond market reacted positively to the prime cuts. However, the modest rally that sent the benchmark 30-year bond ¼ of a point higher was equally a reaction to fresh indications of the deepening recession, such as the latest purchasing managers' report, and to Mr Bush's comments.

The prime cut had little impact on equities, with light trading on the stock market and only a 6.44 point rise in the Dow Jones index by lunchtime.

Analysts said some banks had delayed the prime cut by a fortnight to bolster their year-end balance sheets, which have been weakened by mounting real estate loan problems and a drop in corporate business.

US economy continues to shrink

By Michael Prowse in Washington

THE US purchasing managers' index – a widely followed gauge of industrial conditions – fell markedly in December, providing further evidence that the economy is contracting sharply.

The index fell to 40.4 per cent against 41.3 per cent in November and 47 per cent as recently as August. Analysts had been expecting a decline of about half this size.

The fall was the sixth successive monthly decline and leaves the index at its lowest level since the trough of the 1981/82 recession, when it registered 39.2 per cent.

A reading below 50 is generally taken to indicate that the manufacturing economy is declining; a reading below 44 that the economy as a whole is contracting. The index was below 44 throughout the fourth quarter of last year.

Mr Robert Bretz, chairman of the National Association of Purchasing Managers, which compiles the index, said the continued weakness of new orders indicated the economy would go on declining beyond the end of the fourth quarter.

A series of more specific indices compiled by the association painted a grim economic picture.

The new orders index – a measure of likely future economic conditions – fell for the sixth consecutive month to 38.3 per cent, compared with 39.4 per cent in November. This was the lowest level since May 1982 when it registered 38.1 per cent.

The production index fell to 40.4 per cent from 41.8 per cent in November. This was the fifth successive steep decline, suggesting the recession is gathering momentum.

However, the index for new export orders was more encouraging. It remained at 55 per cent, November's level, and close to the average for the year of 55.3 per cent. This partly reflects the dollar's weakness and suggests exports may continue to provide a prop for the declining domestic economy.

The report also showed a moderating rate of inflation in December, following the rise in oil prices caused by the Gulf crisis, and a further decline in inventories, which suggests companies are seeking to avoid an excessive build-up of unsold goods of the kind that has worsened previous recessions.

Argentina deregulates oil industry

By John Barham in Buenos Aires

THE ARGENTINE government yesterday implemented two key reforms in its economic adjustment programme, deregulating the oil industry and cutting several thousand civil service jobs.

The government abandoned its central role in the oil market, allowing private producers, refineries and retailers to buy and sell oil products at whatever price the market will stand. Immediately, prices rose by about 3 per cent at private service stations, while Yacimientos Petroliferos Fiscales (YPF), the state oil company which controls more than 60 per cent of the market, lowered prices in a bid to check inflation.

The government also laid off more than 20,000 bureaucrats in the first round of a three-year plan to axe 122,000 government jobs, equivalent to one-fifth of civil service employees, to save \$1.44bn (£746m) by 1993.

However, financial markets remained nervous about the waning health of public finances and the outlook for inflation, despite government assurances that January's inflation rate will not be significantly greater than that for December, expected to be about 5 per cent.

Tax-cut supporter tipped to fill Fed post

By Lionel Barber in Washington

MR Lawrence Lindsey, a White House economist and enthusiastic supporter of tax cuts and supply-side economics, has emerged as a leading contender to fill a vacancy on the Federal Reserve Board.

Mr Lindsey, 36, would fill the slot opened up by the departure of Mr Manuel Johnson, a supply-sider who served as vice-chairman of the Fed until last June.

Mr David Mullins, a former Harvard Business School professor and senior US Treasury official who is already on the board, is expected to be nominated to the senior post of vice-chairman.

Mr Lindsey is understood to have the backing of Mr John Sununu, White House chief of staff, who has been seeking to deflect criticism from the conservative wing of the Republican party, angered by President George Bush's abandonment of his "no new taxes" pledge.

Mr Lindsey completed his doctorate in economics at Harvard University, from where he is currently on leave. He is a former student of Mr Martin Feldstein, who served as chairman of the Council of Economic Advisers under President Ronald Reagan.

Odebrecht offers profits to the poor

Sally Bowen on the Brazilian group's crusade against poverty

ODEBRECHT, Brazil's second largest corporation, is conducting a new sort of business – in a Lima shantytown. The company is inaugurating production workshops to train unemployed locals in income-generating activities and "break the vicious circle of poverty".

The scheme is part of a policy by one of Latin America's most forward-looking transnationals to promote the profit motive. A couple of months ago Odebrecht became the first private company on the continent to sign an agreement with the Organisation of American States (OAS) to fund and manage small short-term development projects in Peru; initially in Lima, the northern city of Trujillo and the jungle department of Madre de Dios.

The company's philosophy makes it a very different sort of business. Founded in 1945 by Mr Norberto Odebrecht, son of a German immigrant, the company is, like many successful large corporations, its divisions in oil-drilling and information systems, construction and mining.

Last year they billed in excess \$1.6bn (£829m) and are involved in big construction projects in 11 countries including Angola, Chile, Ecuador, Peru and Brazil. A recent takeover of the Bento Pedroso construction company in Portugal gives them a foothold in post-1992 Europe.

But in Brazil's desperately impoverished state of Bahia, where Odebrecht was founded and maintains its head office, the Emilio Odebrecht Foundation funds specific development projects proposed and run by inhabitants of marginal communities. "We thought our company had other responsibilities in a country where there is much poverty," said Mr Ary Diniz, Odebrecht's business development director.

The Brazilian experience has been extended to Peru. Odebrecht's assistance takes the form of a "seed fund" which finances a communal restaurant, laundry or workshop decided in the community. The idea is to turn the community into a mini-business, to teach people how to buy effectively, to produce something that could be sold at a profit," said Mr Diniz.

Once the business is running profitably, the investment must be repaid and the loan recycled to finance another start-up project.

On a larger scale, within Odebrecht itself, a similar business philosophy has been evolving.

Taking advantage of the company's decentralised approach, Mr Ricardo Soares, international development director and formerly general manager in Peru, began three years ago to develop the founder's "entrepreneurial philosophy" and apply it to their Peruvian operation.

Mr Soares argued that Third World countries represented a huge market for heavy construction companies like Odebrecht, simply because almost everything remained to be built. But poor investment decisions had often prevailed.

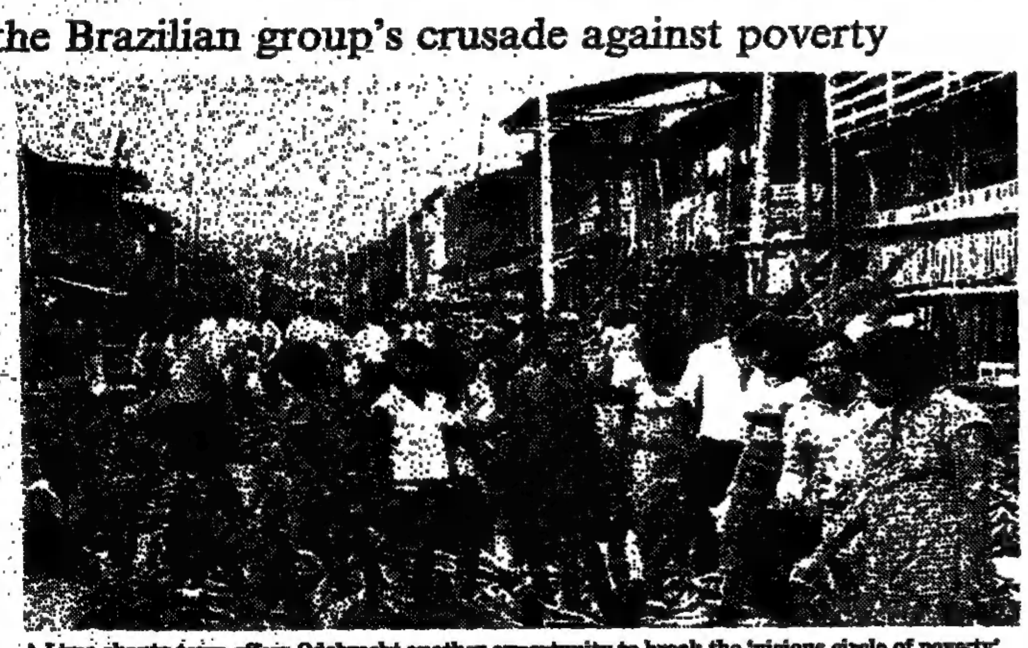
Mr Soares argued that contractors, with their power to influence governments, had to change their social role. "Many companies believe they are fulfilling their social responsibilities if they pay good salaries and fringe benefits," he said. "But unless the company generates wealth for the whole country, it is failing in its responsibility to promote genuine development."

If Third World construction companies did not modify their strategies, he said, they faced extinction. A rich company dependent on a poor client country was no longer viable. A contractor had to adapt to the pragmatic, market-oriented policies starting to dominate today's under-developed world and had to ensure the economic success of a project.

One manifestation of the philosophy evolved by Mr Soares and his colleague, Mr Jose Caetano, is the Chavimochic irrigation project. The first stage of this ambitious four-valley scheme for diverting the Santa river in Peru's north-central desert to bring some 90,000 hectares into agricultural use is now almost complete.

As Peru has been ineligible for loans from the international financial community since 1986, the only external funding for the \$250m already spent on canals and tunnels has come from Brazil.

Odebrecht has been involved in every stage of the project's planning. It convinced then President Alan García Pérez to include construction of four export-oriented agri-industrial plants in the contract; they persuaded Banco do Brasil to reschedule the Peruvian debt and put up an extra \$157m for the project, arguing that export of lucrative produce such as tomato paste would guarantee the foreign exchange needed for loan repayment.



A Lima shanty town offers Odebrecht another opportunity to break the 'vicious circle of poverty'

The company also employed agricultural experts to test and supervise irrigation systems and cultivation of an initial 1,000 hectares of tomatoes, and will remain involved in plant management for three years.

The first Chavimochic factory was opened by outgoing President García in late July last year, with all production pre-sold to Japan.

"This approach to agricultural development has an important impact on the mentality of Third World farmers," Mr Soares said. "They start to perceive where the real profits are; that is, high productivity and industrialisation."

Ensuring the success of the project is also vital to securing future financing. Early indications are that Chavimochic has passed the test – Banco do Brasil approved a further \$63m credit for the project in June.

Odebrecht is looking ahead to at least two further lucrative contracts in Peru.

For exploitation of Peru's huge Camisea jungle gas field, Odebrecht proposes a scaled-down version of a Royal Dutch Shell plan. Instead of a \$1.8bn trans-Andean pipeline, Odebrecht favours a \$700m investment in a 350km gas pipeline to the Brazilian border, along with a thermo-energy plant.

Selling half of the generated power to Brazil would earn the hard currency necessary for loan repayments. The remaining electricity would solve southern Peru's critical energy shortage. The pipeline to Lima would come later.

The other principal Odebrecht project is the Acre-Madre de Dios highway, providing a westwards route for Brazil out to the Pacific through Peru. Odebrecht proposes not just a 1,200km road but an "integrated development project" which would include health and education infrastructure, rural electrification, development of agro-industry and environmental protection.

A comprehensive six-month Odebrecht-funded study of the area, employing sociologists, anthropologists and ecologists has just been completed and the company has been working "informally" since late 1988 with communities in Madre de Dios to sow public relations "seeds of sympathy", which may bear fruit for them when project tenders are announced.

The benefits of playing the responsible entrepreneur are far reaching, Mr Soares believes. When the García government came to power in Peru in 1985, Odebrecht was viewed as a "bad guy" for their contracts with the previous president, Mr Fernando Belaúnde. But by this year's elections the company had built up excellent relations with both the ruling and opposition parties.

"People are aware we're working for the benefit of the country, not the ruling party," said Mr Soares.

UK NEWS

British Telecom considers global identity

BRITISH TELECOM, the telecommunications group, is considering changing its name to BT as part of a review of its corporate identity intended to bolster its international ambitions and to shake off its poor image in the UK, write Paul Abrahams and Alice Rawsthorn.

As part of the review, BT's logo is also to be changed. The familiar "T" image is likely to be replaced a red and blue Pan figure with pipes next to the blue letters "BT", but no final decision has been made.

BT is one of a number of large UK companies to be investing in a new corporate identity. Shell, the Anglo-Dutch oil group, recently appointed a consultancy to overhaul its identity, and Vauxhall, the UK subsidiary of General Motors, is developing a new corporate image.

Mr Tony Key, corporate head of design at BT, said the old symbol, which was nearly 10 years old, no longer matched the group's international aspirations.

BT has made no secret of its ambitions to become a leading global player in telecommunications services. The UK government's review of the industry will inevitably lead to it losing market share. BT already owns 20 per cent of McCaw Cellular Communications, the largest US mobile communications group.

BT refused to say how much the review would cost. The redesign will involve repainting some 93,000 phoneboxes, reprinting stationary and reconstructing the top of the Telecom Tower in London, still popularly known as the Post Office Tower.

The review is occuring at a time when BT is trying to cut costs. It hopes to reduce staff levels by 30,000 over the next three years.

Fear of deep, extensive recession

Rachel Johnson on the FT's annual survey of economic forecasts

A SEVERE recession this year will provide the springboard for slight economic growth in 1992, according to the New Year survey of economic forecasts carried out by the Financial Times.

The onset of the UK recession of 1990-91, which became manifest in official statistics from the third quarter of last year, caught much of the forecasting fraternity and the Treasury by surprise. The downturn happened so quickly – and spread so fast – that the consensus of the last FT survey (FT edition August 28 1990), was that the UK should "escape recession in 1991".

The period between the last FT survey and this one has seen every economic indicator framing a recession likely to be neither "short-lived" nor "shallow" – the government's words – but deep and extensive.

This time round, 22 City of London institutions, private-sector forecasters and intergovernmental bodies contributing to the survey have been careful to err more on the side of caution. Iraq's invasion of Kuwait in August and the government's locking of sterling into the exchange rate mechanism in October has reinforced contributors' caution.

Three imponderables, and the ERM-locked exchange rate, make this recession both unique and singularly difficult to survey. "As soon as we put the numbers down on paper, we think, have we taken all the bad news into account?" said Mr Kevin Gardiner, of Warburg Securities.

- The Gulf crisis deepened the recession by raising oil prices and curbing consumption; until it is resolved, analysts expect the oil price to remain at around \$25 a barrel. When oil prices fall, this will prompt rapid falls in inflation, stimulating GDP growth from negative in 1991 to between 1 and 2.5 per cent in 1992 as consumer expenditure picks up.

Under a protracted embargo, however, prices will stay higher longer. UBS Phillips and Drew estimates that a fall in the oil price from \$40 in the first quarter of 1991 to \$22 by the end of 1991 produces an average of \$30 for the year as a whole – producing an inflation rate of 6.2 per cent in 1992. NatWest Capital Markets argue that any price above \$30 would threaten the UK with a longer recession.

- The timing of the UK general election is likely to have implications for monetary policy, altering the emphasis of a range of forecasts, from the retail prices index to consumer spending. The government will be anxious to reduce interest rates substantially in order to stimulate the economy into what Mr John Smith, the opposition Labour party's economic spokesman, dismisses as a "short-term boomlet".
- A realignment within the ERM. Sterling's central rate of DM2.95 is regarded, especially by manufacturing industry, as too high, while the next movement of German interest rates is assumed to be up, not down. Should a realignment take place, the export-led recession would ease as export volumes pick up to levels more commensurate with the Treasury's forecast of 2.5 per cent next year.
- The ERM makes this recession, and the prospects for bouncing out of it, most unusual. The tools for lifting the economy out of the recession – a sterling devaluation and cutting tax and interest rates – can only be deployed if the exchange rate allows. With sterling weak in the ERM, it would be difficult to resist a sterling interest rate rise after one in Germany. Mr Richard Jeffrey, UK economist at Hoare Govett, expects the government will be forced to raise interest rates again after an election in order to protect the pound.

These four factors, especially the last, make the next two years extremely unpredictable for UK policy-makers. The economic weakness embedded in the forecasts, particularly for this year, makes it unlikely that sterling will strengthen much in the near-term.

Analysts are doubtful that the government will be able to keep sterling stable within the ERM this year, if the price of doing so is maintaining very high interest rates and prolonging the downturn.

The City's prognoses are thus considerably more pessimistic than the Treasury's, which issued its last set of forecasts together with public expenditure plans in its annual Autumn Statement on expenditure of November last year.

The National Institute, and Mr Peter Spencer of Shearson Lehman, the US investment house, both plot a depreciating path for sterling towards the bottom of its ERM band by the end of 1992. This is consistent with the view that sterling thereafter realigns and is moved into the narrow fluctuation band, maintaining the floor but moving the central rate and ceiling down.

Mr Terry Barker, of Cambridge Econometrics, emphasises the "risks for economic policy and the maintenance of a stable financial structure from the present position". The UK is already in recession with one of the "longest and tightest monetary squeezes since the war".

The options open to the government are to withdraw from the ERM, realign sterling, introduce credit controls or raise tax increases – all of which carry a high political cost. Should sterling be devalued by 10 per cent, CE estimates there would be a rise in underlying inflation of some 2-3 percentage points in 1991-92. NatWest expects a devaluation "sometime after the general election". Prof. Patrick Minford, of Liverpool University, assumes a parity adjustment in this quarter (of 1991).

The ERM discipline will have the fiercest effects on the labour market. Rising unemployment will be a landmark of 1991, and is expected to jump from 1.7m in November 1990 to over 2.3m by the end of this year, according to UBS Phillips and Drew.

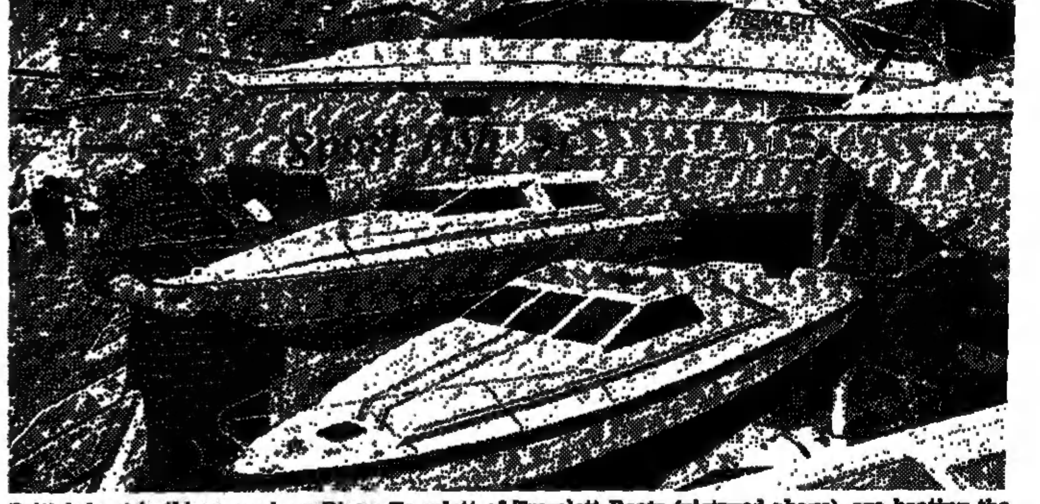
Any improvements in the current account in 1991 – to around £11bn, in line with Treasury forecasts – could be lost as the overvalued pound hampers exports at the same time as world trade growth slides. And as the projected recovery of 1991 is to be consumer led, imports will pick up and the current account resume its deteriorating trend.

On interest rates, the forecasters mostly assume that a sharp fall in inflation to around 5 per cent will allow for the promised substantial cuts in rates to around 12 per cent.

Some are less hopeful in the light of the tight corset placed on monetary policy by last year's ERM move. "We should not dismiss the possibility – although it is not our central case – that the ERM constraint prevents any further interest rate cuts in 1991," said Mr Steven Hannah, of NatWest. Then 1991 will be a year of significantly lower output and employment and sorely reduced corporate and consumer expenditure.

The general rule is that booms are stronger, and recessions deeper, than the consensus forecasts.

BRITAIN IN BRIEF



British boat builders, such as Diana Tremlett of Tremlett Boats (pictured above), are beating the domestic recession by chasing markets around the world, industry chiefs said at the annual Boat Show in London. Mr Paul Wagstaffe, chief executive of the British Marine Industry Federation, said total sales for 1989 were up almost 25 per cent at £1.078bn and export returns for 1990 were showing a turnover of between £400 and £500m.

Hearing on Virgin bid for flights

The Civil Aviation Authority (CAA) is to hold a public hearing in London today which could set a precedent for the way take-off and landing rights or "slots" are allocated in the future to UK airlines at heavily congested foreign airports.

The hearing will examine an application by Mr Richard Branson's Virgin Atlantic Airways for additional rights to Tokyo's Narita airport, one of the world's most congested airports.

Virgin has been seeking to expand its services from London's Gatwick airport to Tokyo, but has been frustrated because of the lack of additional landing slots for UK carriers at Narita airport.

It now wants the CAA to force British Airways to relinquish some of its existing slots at Narita and hand them over to Virgin to enable the smaller UK carrier to expand its Japanese services.

Actors refuse TV ad work

British actors and actresses have started refusing contracts to work on television commercials in an industrial dispute over changes to fees for repeat showings, according to the actors' union Equity.

Mr Ian McGarry, Equity deputy general secretary, said some actors had been offered contracts to work under new terms and had obeyed a union instruction not to accept them.

The clash over repeat fees, which advertising industry employers say are likely to increase in number because of the growth of satellite and cable networks, comes amid a downturn in the industry which is affecting profits.

Initiative on recycling

The government is making an additional £40m available to local authorities over the next three years to encourage them to set up recycling schemes.

Mr Tony Baldry, junior environment minister, sent letters to local authorities asking them to bid for this year's allocation of £10m by March 1.

Councils are expected to to put forward well thought out recycling strategies in order to qualify for funds. Many will be in co-operation with the private sector.

Value of MBOs falls sharply

The value of management buy-outs completed in Britain fell sharply in 1990 from the record level achieved the year before though a small recovery is expected in 1991.

Buy-out values slumped to only £2.76bn in 1990 from £6.46bn in 1989 but will rise to an estimated £3bn this year, accountants KPMG Peat Marwick McLintock forecast in its latest buy-out review.

Almost two-thirds of the value of 1990 buy-outs was accounted for by 56 deals in the middle-range bracket of £10m to £250m.

Retailers assess Christmas sales

The Christmas trading period was not the disaster that some retailers had feared, the Retail Consortium, which represents 90 per cent of the retail industry, said.

Mr James May, director general, said although trading had picked up nearer Christmas. Evidence suggested that trading in northern Britain had remained "pretty good", he said, but the market was was not so buoyant in southern England.

Press body starts work

The Press Complaints Commission has started work as the new self-regulatory body to handle public complaints against the press.

The commission is the legacy of the Calcutt Committee's report on privacy published last June. The report recommended that the old Press Council be replaced by a new body with stronger powers.

The government has told newspapers and broadcasters that unless the new commission is a success, it will impose statutory restraints on the press. The commission has a new code of practice to form the framework for its decisions.

Newspaper for Shetlands

The Shetland Islands, off the north coast of Scotland, could soon have a new newspaper, say four journalists who have drawn up a detailed business plan and share prospectus.

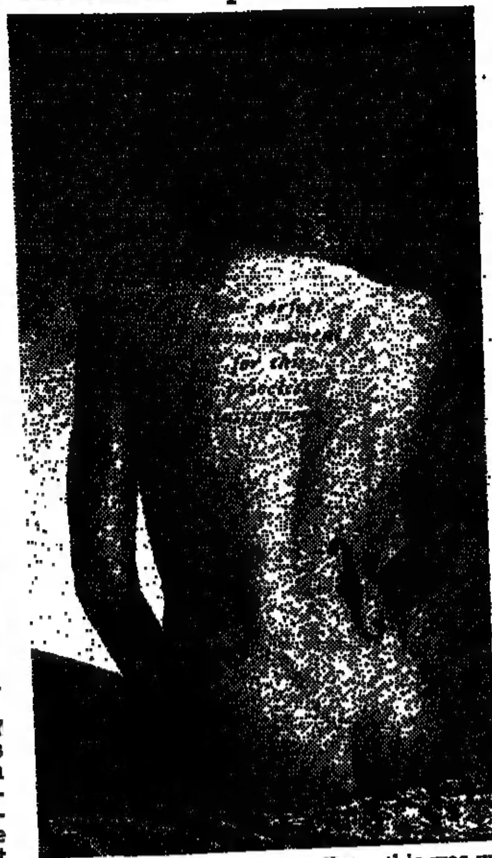
The four are all former staff of the islands' only weekly paper the Shetland Times, including Dr Jonathan Wills, who was sacked as editor a year ago.

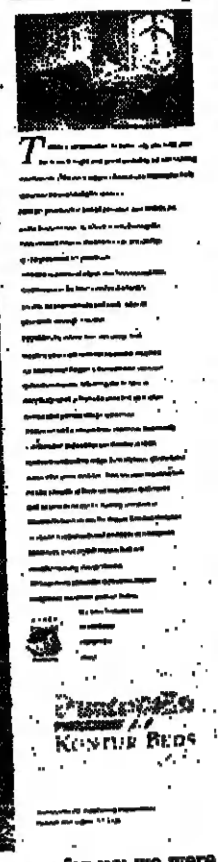
Dr Wills said the first issue of the new quality tabloid weekly, to be printed in Shetland, would be published in 1992 if everything went to plan.

MANAGEMENT: Marketing and Advertising

How Dunlopillo plans to bounce through recession

The UK bedding manufacturer is eschewing the mass market and moving upmarket to match its customers' aspirations. **David Churchill** reports





Increasingly desperate special "sale" offers now proliferating in UK high street retailers bear witness to the fact that the furniture industry is proving to be one of the most sensitive to falling demand.

In contrast, Dunlopillo, the bedding manufacturer, raised its prices a notch last year and is holding them. "We first saw the slump in spending coming about 18 months ago," says Richard Smith, the company's managing director. "So we not only planned for lower volumes but decided to redesign our range and make it even more luxurious and take it another peg up-market."

This move was not as strange as it seems, he insists. "There are always opportunities to be found in a recession as in a boom; our customers are not typically those who suffer most from an economic downturn." Market share, he adds, is not Dunlopillo's aim, "but the right marketing position and image is."

Dunlopillo, a subsidiary of the BTR conglomerate, makes latex mattresses. Latex is a spongy foam made from natural rubber and it looks something like an Aero chocolate bar on the inside. This gives it greater flexibility and resilience than traditional sprung mattresses and foam beds made with polyurethane.

It was developed by Dunlop in the late 1920s, but latex has never been as popular for bedding in the UK as it has on the continent, where attitudes to bedroom hygiene and comfort – *pace* the duvet – have traditionally been more advanced. "Continental Europeans care more and spend more on their bedrooms," says Smith. "The British have hardly seemed to give them a thought."

Now, though, Dunlopillo believes its product's time may at last have come in the UK. "It's an absolutely perfect material for bedding," enthuses Smith.

Smith maintains that as a result of the growth of European travel more Britons have become aware at first hand of the benefits of latex and the advantages of different bedding systems widely in use on the continent – such as slatted or contour beds which can change shape (either manually or electrically) according to the individual.

Moreover, he believes that consumer perceptions of bedrooms are also maturing. "Many consumers are looking for quality, luxury goods geared to performance rather than simple mass-market appeal," he says. The Green movement of the late 1980s has helped spur this on, since latex is a natural rubber product.

But for many years polyurethane-based mattresses have constituted the bulk of the bedding market and seemed to be what the consumer wanted: a basic product at the cheapest price. Dunlopillo was forced to follow suit, eschewing in the 1980s latex mattresses for polyurethane ones which were much cheaper to produce.

"Yet, increasingly, we felt this was wrong for us; we were not really into the mass-market, high volume bedding business where sales were made on price alone. We had a strong brand based on quality, built up over many years, which was going to waste."

Polyurethane, in any case, has had a bad Press in recent years following a succession of fatal fires caused by flammable furniture.

So four years ago, Smith joined Dunlopillo from another UK bedding company and the decision was taken to implement a new marketing strategy which included reverting to manufacturing latex mattresses. "Our belief then was that we should go for quality and this was borne out – whether by luck or judgment – by the rising aspirations of consumers for better quality bedding," he says.

It was a drive up-market by Dunlopillo which was exactly in tune with the consumer boom of the late 1980s; but can its conscious appeal to up-scale living survive the recession of the early 1990s?

Smith believes it can. Dunlopillo's strategy has been to target groups with aspirations and disposable income to match. The "grey" market of over-50 consumers has been a prime segment. "Quite often these consumers are buying the second or third bed in their lives and they know what they want," he says. "They're not afraid to try out different beds because they realise what a difference it can make to their lives."

More important, however, "grey" consumers have significant disposable income, necessary for mattresses costing £1,000 or so each or luxury "contour" beds costing up to £4,000 including latex mattresses.

Dunlopillo's marketing tactics to reach these grey and other consumers still willing to spend on luxury goods has been largely to ignore television advertising but to rely instead on newspaper and magazine advertisements. (A new campaign starts soon.) The reasoning, believes Smith, is that "there's no time to talk about the benefits of latex on television. Our markets are interested in the details – so we use the written word."

One advertisement, however, fell foul of the Advertising Standards Authority because of its too graphic description of the sort of bugs that happily live in a traditional sprung mattress after several years' use.

Since people on average only change their mattress once every 16 or 17 years, Smith believes that an appeal to the health-conscious is an essential part of his strategy, even if the advertising copy about blood-sucking mites had to be toned down a bit. "If people knew what was in their mattress, they'd be horrified and change them far more often," he points out. "But recession or not, I believe Britons are increasingly going to wake up to the fact that a good night's sleep is worth paying for."

Marketing abstracts

The diffusion of industrial innovations. *RL Day and PA Herbig in Industrial Marketing Management (US), Aug 90 (10 pages).*

Censures academic marketing for failing to emphasise the distinction between retail consumer new products and industrial products, largely because they (the academic marketeers) themselves are consumers while few have experience of industrial markets. Proceeds to consider how the distinction affects the diffusion of innovations, ie the speed with which they are adopted, and explains why in the case of industrial products it takes very much longer.

Advertising: strong force or weak force? *JP Jones in International Journal of Advertising (UK), Vol 9 No 3 90 (14 pages).*

Strongly contrasts two theories of advertising, one regarding it as a "strong force" that changes attitudes, persuades people to buy and fuels the capitalist system, the other as a "weak force" to be used defensively as a means of protecting the status quo; considers that an uncritical belief in the universality of the strong theory has created much mischief, particularly in advertising courses in American universities, the education of their graduates being regarded as gravely deficient.

Harmonisation of demographics. *Y Marbeau in Marketing and Research Today (Netherlands), Aug 90 (11 pages).*

The chairman of the ESOMAR working party on harmonisation of demographics presents a recommended questionnaire in English, French and German, and explains the rationale behind the economic status scale designed to be a substitute for income and to obviate monetary issues such as exchange rates. The newly recommended scale is based on the ownership of consumer durables.

Readers of that sort of information will find that more British households have colour TV than do German, French, Italian or Spanish households (though only just); while with electric coffee grinders the Continentals win by a substantial margin.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

Fitting for the over-50s

Eastex reckons its range will attract the older woman who is still fashion-conscious. **Jane Fuller** reports

Joan Collins, the actress, is a glamorous 57. Eastex aims its clothes at the over-50s. But can one imagine Joan Collins wearing the Eastex label?

British manufacturers are having to wake up to the fact that although the population is ageing – the so-called "grey market" – women who were young in the 1960s still want to be fashionable. When Alexon, the clothes retailer and manufacturer, acquired Eastex on its purchase of its parent, Ellis and Goldstein, two years ago, it found that although the target customer was around 60, the clothes were actually being bought by her mother.

As Ruth Henderson, main board director for brands (Alexon and Dash as well as Eastex), points out, "the business was obviously in danger of dying out".

The image of Crimplene and dull colours failed to appeal to 50-year-olds. It had to be recognised that they were active, often working and making full use of their leisure time. "They are fitter, healthier and richer than the generation before," she says.

To prepare for the relaunch early this year, market researchers questioned more than 60 groups of up to 12 women in the target age group and from a social cross-section to find out what they wanted, whether the designers' response was on the right track and whether the promotional literature contained what they wanted to know.

It was discovered that while much needed changing, it was important not to throw the old lady out with the bath water. Eastex did have certain strengths, notably the way the clothes fitted.

Since women get shorter as they get older, particularly from neck to waist, the different proportions were reflected in its patterns. The new marketing material elevates this concern to a place in the brand's logo, with the phrase "Designed for the shorter woman".

Sue Thorne, marketing director for Eastex, says it also emerged that the promotional photos must show the whole body. Potential customers wanted to check skirt and jacket lengths, and the positioning of pockets.

As women also tend to thicken round the middle with age, the option of clothes with elasticated waists has been kept.

While Eastex was known for its attention to fit, it tended to be thought of more as a maker of coats and dresses. Its range "was shoved to the back of the department store with the coats," says Thorne.

So the design team focused on the opportunities to sell matching garments. It has brought in new fabrics and colours, although navy blue remains popular and the pink is of the "shell" rather than the "shocking" variety.

According to Henderson, developing the product was the easy bit. Working out the marketing strategy was not. "It became obvious that these women were not used to being marketed at."

On the other hand, the advertisements still need "to sell a dream". Grey-haired models were given the thumbs-down. "It is a rule of the industry that you tend to show models 10 years younger than the target market. It appeals to the vanity in all of us." Indeed the age of the target customers is not mentioned at all.

The models are, however, genuinely small, perhaps 5ft 2in rather than the 5ft 10in Amazons typical in the rest of the fashion trade.

For the advertising campaign in February, Eastex has chosen newspapers and magazines with an older reader profile such as the Telegraph, Express (including its Sunday supplement) and Mail, Woman's Weekly, Woman and Home and Good Housekeeping.

Models are 10 years younger than the target customer

Soft focus was out and information was in, going against "the picture tells it all" school of advertising. For instance, the advertisements include prices and guidance on where to find the clothes. "She would really like to see washable written underneath it as well," says Henderson. That information is detailed in the brochure for spring and summer 1991.

At Harari Page, the agency handling the Eastex account, Sammy Harari says that whereas fashion advertising aimed at younger people creates "a mood and an overall image, when you are talking to older people you have to focus more directly on the product".

Promotions in department stores, where the Eastex units are being revamped, will take place in early March, and the clothes may even make a breakthrough into the shop window.

A booklet produced by Harari Page and Choice, the magazine for the retired and about-to-be retired, stresses the affluence of this age group. It points out, for instance, that 8m own their homes outright, and includes a prediction that by 1992 their annual spending power will amount to £173bn.

Figures like that may well draw in the sort of competition familiar to the boutique world. Meanwhile Eastex, which has been in the field for nearly 40 years, is hoping to set the pace.

TECHNOLOGY

Workers enjoy the good light

GOOD light in the work place can make people happy, more comfortable and less stressed, according to research that led to the first rating system to measure the quality of office lighting. The rating system is based on a computer model which calculates the interaction between different variables that affect lighting.

Better lighting "has a direct effect on performance and increased productivity, with inevitable benefits to employers," says Bob Bell, the chief lighting engineer at Thorn Lighting, which carried out the work in association with several universities.

The rating system, known as the CSP index, enables architects and specifiers of equipment for buildings, employers and employees to get a reliable indication of the quality of office lighting and a way of comparing lighting in different parts of a building.

Thorn says that better lighting quality only has to make employees more effective by a mere "40 seconds a day to give an increase in productivity equivalent to money saved from reducing energy use by 30 per cent".

"The elimination of one headache per worker per year can achieve major improvements in productivity."

The research that led to the CSP quality index identified comfort, satisfaction and performance of office staff as the key criteria in measuring lighting quality.

The index is based on the assumption that the three variables are interactive. It takes into account illumination levels, glare, light distribution, colour rendering and the extent of use of visual display units. The variables are measured individually.

Each element is rated and applied to a formula which gives a single light quality rating between 1 and 100, with the calculation carried out with Thorn's CSP Index software. A poor light quality rating can be improved simply by adjusting the variables in the lighting design.

The index can be calculated for offices and other buildings with conventional lighting.

Lynton McLain

Peter Knight explains how machines are taking over traditional counter services from assistants

Banks cash in on automated future

"IF WE fail to smile and say thank you – ask for your free gift!" This sign in a New York City bank does not prevent tellers behind bullet-proof glass yelling abuse at queuing customers who irritate them.

No wonder so many bank customers prefer machines. The majority, it seems, would rather queue at the automatic teller machine (ATM) outside in the rain than face the glums behind their shields inside.

Computer technology has always played a big role behind the scenes in banks. But now retail banks are attempting to replace their fusty institutional image with something more friendly. Computerised machines that issue statements, money and advice are integral to this strategy.

Some of the more progressive banks have realised that they have to make their machines friendlier too. Take Banque Bruxelles Lambert (BBL), the second biggest retail bank in Belgium. It provides its customers with an array of machines, including some known as banquéttes. These machines, with seats attached, are part of what BBL calls Self-Bank, a form of self-service banking. Self-Bank takes the established practice of lobby-banking – unmanned lobbies filled with ATMs – one step further.

Self-Banks offer two basic machines. The first is a simple ATM which dispenses cash, and can be used to transfer funds and order documents. Customers operate these machines while standing up.

The banquéttes are provided for those who do not need cash but want other services normally provided by assistants. While perched on your cushion you can set up direct debits, check your securities portfolio, peruse current foreign-exchange rates and check balances in your BBL accounts.

These machines – designed by BBL's technology department – also give access to the power of BBL's back-room computers. Two useful services are offered.

First, you can simulate financial deals, such as a higher-purchase offers. This is done through a series of questions asked by the computer. It will then tell you, for example, the length of time it would take to pay off a car at your desired monthly instalment, and what the interest charges would be.

The second is a personal tax service which helps you fill in the complicated Belgian tax form. The machine then computes how much you owe, or are owed, by the state.

"Young people certainly like the Self-Bank system more than the older customers," says a bank representative. "But we think it is successful and we will have 140 Self-Banks by the end of 1991."

While the customer avoids queues and the possibility of a grumpy teller, the bank also benefits by transferring tiresome and expensive transactions, such as balance inquiries, to the machines. "Time is money for the customers and for us," says BBL.

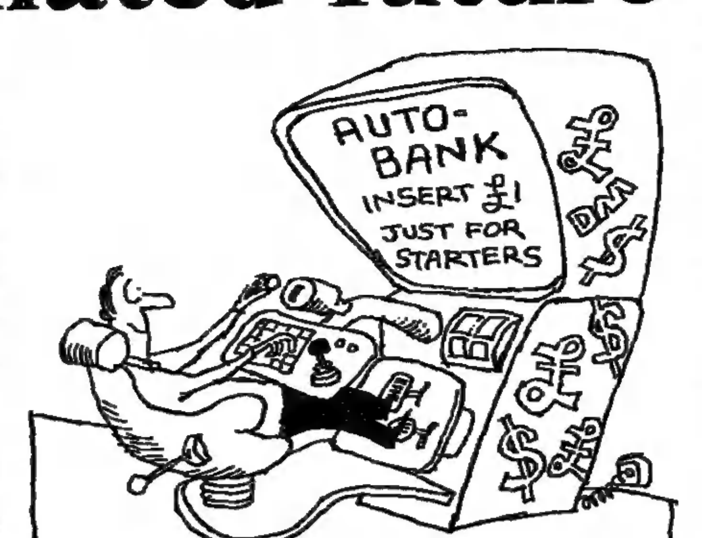
With increasing deregulation of banking services around the world, the relationship between time and money is placing pressures on retail banks. As competition increases, profit margins shrink.

Banks are looking to machines to both increase and improve their range of services. Machines can also reduce overheads.

Furthermore, by getting customers to do the simple transactions themselves, staff are relieved of the pressure to do mundane jobs. They can then concentrate on more profitable business: selling financial products, such as loans and insurance.

Machines are also integral to the selling process. The assistants – those who used to be known as tellers but are now called consultants – will use computers on their desks to provide a quicker and more efficient service to the customer. This can be achieved, for example, by being able to call up customer details on a computer screen at the assistant's desk.

Bankers, though, are still somewhat cautious about changing their traditional methods. They might be pulling down the bullet-proof shields and relying on machines to handle cash, but they are resisting the call from some consultants and manufacturers of bank machines to go all the way.



Nirvana for such manufacturers is self-service banking where your local Barclays resembles a supermarket. Philips, a supplier of computer systems to banks, demonstrated what it thought the ideal bank should look like, at its biannual banking conference held this year in Wiesbaden, Germany.

The company set up a futuristic bank branch where the customer had to pass wandering "consultants" selling financial products before they got to the "bread and butter" banking, such as a cash machine, at the back of the store. The idea was based on the supermarket practice of exposing customers to high-profit goods on their way to find the special offer baked beans at the back.

While banks see chances to reduce overheads and improve service by changing the style of their branches, bankers also want to give customers the chance to stay away altogether and do their banking by phone.

The extreme version of this attitude is the UK's Firstdirect, a retail bank that has no branches. All transactions are done by customers talking to bank staff on the telephone at any time of day or night. Firstdirect is owned by the Midland Bank, which has a network of branches and ATMs where Firstdirect customers can get cash and deposit money.

Although most bankers are sceptical about Firstdirect's chances of success, it is acknowledged that branches are becoming less important because technology can replace many of the jobs done by people.

"The 1990s will be the decade of the death of bank branch offices and a time in which new distribution channels will be rapidly established," Goran Hallen, president and head of Sweden's Nordbanken's consumer banking division told the Philips conference.

Banks are especially keen to use computerised telephone connections where customers do much of their banking on the phone without people being involved. There are three main systems available. One allows the customer to speak to the computer (voice recognition) and another demands tones generated by hitting certain keys on a tone-type telephone (producing a voice response). The third connects a home computer or television set to the bank's computer, via the telephone.

Although these systems work reasonably well in countries such as Sweden, the UK and Thailand, the general mass of customers do not like them because they either require the use of complicated technology (computer-to-computer links) or, as in the simple telephone, do not display the transaction.

Citibank, the consumer arm of Citicorp of the US, believes it can overcome this resistance while keeping the technology simple. It has developed a telephone with a small screen between the cradle and the dial pad, which it calls the Enhanced Telephone (ET). The ET enables customers to see their transactions on the screen, which should give the necessary confidence to those who think they might hit too many noughts by mistake.

Banking by phone is seen as just one weapon in the banks' assault on the market. For bankers have discovered consumer marketing techniques and now talk as much about current accounts as they do about financial products, market niches, segments and even demographic micro-segments.

BBL of Belgium has brought in a former Unilever marketing specialist. His talents at marketing such things as washing powder and margarine are now at work trying to sell financial products. Using technology as a sales aid is essential.

For example, the northern Italian banking group Cassa di Risparmio di Verona is thinking of setting up a telephone banking system for customers who want the service. But, more important, it sees the system providing important back-up for financial product salesmen in the field who can use the system for customer demonstrations.

Gotabanken, a leading Swedish bank, is considering a system called Work Banking. Here customers can gain access to their accounts via their computer terminals at work. The bank thinks employers will prefer their employees to spend a short time on the terminal rather than taking time off to visit a branch.

Banks are certainly not short of ideas to attract customers. It appears the only retail marketing technique they have yet to consider is olfactory stimulation. This is where supermarkets, for example, pump the smell of baking bread at customers who love the aroma and then buy more than they need.

Unfortunately for banks, the actual smell of money is less attractive.

Biotech windfall from the Soviets

By David Fishlock

Soviet biotechnologists have licenced three potential treatments for Aids to Oxford Virology, a small London-based biotechnology research company, for development in the West. The British company believes it has chanced upon a windfall of worthwhile bio-innovations, from novel insecticides to heart drugs.

According to Derek Lennon, managing director of Oxford Virology, the Soviet Aids compounds show similar efficacy to zidovudine (AZT), the Wellcome drug, on the basis of laboratory testing, but they are all non-toxic. The compounds are chemically modified forms of a plant extract. One the Soviets call niglizini has just begun clinical trials in the Soviet Union.

Oxford Virology is planning tests with Britain's Medical Research Council, which manages the national Aids research programme, to confirm the Soviet laboratory data. It hopes to find a pharmaceutical company to undertake clinical trials.

The company already has a promising Canadian Aids "cocktail" being tested in monkeys in a Canadian government laboratory. Its Canadian scientific associates are well respected in the Soviet Union, Lennon says.

Oxford Virology has contracts that cover patenting of Soviet biotechnologies, marketing of biotechnology products and processes, and introductions of Soviet organisations to joint ventures with western companies.

Under these contracts, which Lennon signed in the "science city" of Novosibirsk this month, Oxford Virology has 50 per cent of the rights to innovations from the Institute of Molecular Biology, where the Aids compounds were discovered. But he is being pressed by Soviet biotechnologists to undertake a more ambitious programme of technology transfer on their behalf.

One proposal is that his company should have rights to the discoveries of the entire chain of 36 Biopreparat companies engaged in pharmaceuticals, biological preparations and animal feedstuffs.

Oxford Virology, set up four years ago and floated publicly last year, is a research company specialising in virus technology, including viral insecticides, a natural and highly specific way of controlling pests. The big attraction of viral insecticides is that they are not toxic to animals.

Soviet scientists have cultivated seven viral insecticides on a substantial scale. Among them are agents for controlling gypsy moth, cabbage moth and cotton worm moth, all used in the Soviet Union. "We think this will be a very big market for us," Lennon says.

He adds that his contracts authorise him to represent commercially the biochemical research institutes of Novosibirsk in all matters where there is no prior agreement with a western firm.

The Soviet connection is Naucho-proizvodstvennoe Objedinenie Vector (NPO Vector), an organisation devoted to biotechnology and bio-engineering. NPO Vector, set up in 1985, has its own laboratories, pilot plant and experimental farms. Its director, L.S. Sandakhchiev, a member of the Soviet Academy of Sciences, signed the contracts on behalf of the Soviet Union.

NPO Vector employs about 4,500 staff, including more than 600 scientists. The innovations it claims range from a powerful but non-toxic thrombolytic ("clot-busting") drug, to computer software for molecular modelling.

It is one of many NPOs set up when the Soviet government freed Soviet innovators from the bureaucracy of the big Moscow trading houses that preceded perestroika, and allowed them to negotiate entrepreneurial contracts. "What impresses us is that this is a first-class organisation," Lennon says.

Lennon is a chemical engineer with experience of exporting petrochemical plant to the Soviet Union. He made contact with the Soviet scientists when a team of seven senior scientists attended a biotechnology conference in Oxford University in 1989, organised by GB Biotechnology, a Welsh research company selected by the Soviet scientists as a way of gaining introductions to British biotechnologists.

LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
"In re M.C.E.G., Inc." et al.
"Notice"
Case Nos. LA-90-20579-RR through LA-90-32934-RR
Chapter 11
Date: January 15, 1991
Time: 10:00 a.m.
Place: Courtroom 1
201 N. Figueroa Street
Los Angeles, California, USA

PLEASE TAKE NOTICE that on January 15, 1991 at 10:00 a.m., or as soon thereafter as counsel may be heard, before the Honorable Robin L. Riblet, United States Bankruptcy Judge, in Courtroom 1, 201 North Figueroa Street, Los Angeles, California, the above-referenced Debtor and Debtor in Possession and its affiliated Debtor entities (collectively, "Debtors") will bring on for hearing their Joint Motion for Order (1) Approving Compromise and Settlement of Controversy with General Electric Capital Corporation, Kidder, Peabody Group Inc. and Virgin Group Limited and (2) Approving and Authorizing Sale of Capital Stock and Interests in Assets of MCEG Virgin Vision Limited to General Electric Capital Corporation. (This Notice has been filed and approved by the Bankruptcy Court in each of the above-referenced cases, which cases, as of the date of such filing, had not been consolidated for administrative purposes. The Debtors, nonetheless, are referred to plurally.)

The Joint Motion involves a proposed transaction between the Debtors and General Electric Capital Corporation ("GE Capital"). GE Capital holds claims against the Debtors of approximately $82.0 million. The claims of GE Capital are secured by substantially all of the Debtors' assets, the principal of which are six uncompleted and unreleased films, a released film, a library of approximately 300 films and the stock of an English subsidiary, MCEG Virgin Vision Limited ("VVUK"). VVUK was acquired by M.C.E.G., Inc. ("MCEG") in July of 1989 in a transaction pursuant to which the Debtors borrowed $67.0 million in the form of a bridge loan from Kidder, Peabody Group Inc. ("Kidder"). GE Capital's claims relate, in major part, to this bridge loan which was assigned to it by Kidder in May of 1990. Kidder previously provided certain services to the Debtors in connection with the 1989 sale of $27.5 million of subordinated debentures.

The Joint Motion seeks authority to consummate a transaction ("Compromise and Sale Transaction") pursuant to which the stock of VVUK will be sold and transferred to GE Capital free and clear of liens, claims and encumbrances, and the bankruptcy estates' respective interests in the assets of VVUK will also be transferred to GE Capital. In exchange, GE Capital will release the Debtors from approximately $62.0 million of claims. GE Capital will retain a $20.0 million allowed claim against the Debtors, but will surrender all collateral for the claim and, as such, will be treated as a general unsecured creditor on its retained claim. In connection with the purchase and sale of the VVUK stock, the Debtors, on the one hand, and GE Capital, Kidder, VVUK and, if it elects by January 3, 1991 to participate in the transaction, Virgin Group Limited ("Virgin Group"), on the other, severally will exchange mutual releases of claims and Virgin Group will surrender to MCEG its common stock of MCEG. GE Capital will support a plan of reorganization of the Debtors, unless such support is determined by the Court to preclude approval of the Joint Motion; and MCEG and VVUK may enter into an agreement generally respecting MCEG's sales representation of VVUK product in non-VVUK territories, which agreement will not be an element of the Compromise and Sale Transaction if not entered into by the date of the hearing on the Motion.

The Debtors have strongly recommended the proposed Compromise and Sale Transaction on the basis, among others, that, as a result of the significant reduction in GE Capital's claims and elimination of GE Capital's liens, the Compromise and Sale Transaction will substantially facilitate the operations and possible reorganization of the Debtors. The Debtors also allege that the transfer of the VVUK stock is reasonable in light of the problems and probable value of VVUK, and that the proposed release of claims is reasonable in light of the benefits received and the costs and substantial uncertainties associated with any litigation.

The Joint Motion is based upon the following grounds:

1. [illegible]

2. [illegible]

3. [illegible]

4. [illegible]

5. [illegible]

6. [illegible]

7. [illegible]

8. [illegible]

9. [illegible]

10. [illegible]

[illegible]

As to the MCEG entities:
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Leslie A. Cohen, Esq.
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As to GE Capital:
J. Robert Nelson, Esq.
Andrew D. [illegible], Esq.
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Pursuant to Local Bankruptcy Rule 111(1)(f), failure to timely file and serve a written objection may be deemed to constitute consent to the Joint Motion.

DATED: December 21, 1990

Joseph A. Eisenberg and Leslie A. Cohen, members of LEVENE & EISENBERG, a professional corporation, Attorneys for Debtors and Debtors in Possession

ARTS

CINEMA

Creation – with a difference

THE GARDEN
Derek Jarman

AIR AMERICA
Roger Spottiswoode

ARACHNOPHOBIA
Frank Marshall

THE NASTY GIRL
Michel Verhoeven

SECRET WEDDING
Alejandro Agresti

1991 is here and we start with a story of Creation. In the beginning there was an avant-garde British film-maker (Derek Jarman), a cast of cronies and stretch of beach at Dungeness. And the God of cinema said, "Roll the cameras." And they did roll. And behold, the best British film in years, *The Garden*, emerged.

Jarman knows few rules as a film-maker and is barely a law even unto himself. Armed with video and Super-8 cameras, he allows his brain to detonate with ideas and then paints those ideas onto the screen. Costume-trunk kitsch mixes with fiery abstraction. And as films like *Sebastiane*, *Jubilee* and *The Last Of England* show, his approach to conventional narrative is roughly the same as a mugger's approach to a passing pedestrian.

The Garden is part modernised Biblical fable – the gardens of Eden and Gethsemane as perennial, polar emblems of innocence and persecution – and part Prospero-like autobiographical meditation. Most of the film was shot on the beach where Jarman lives, works and walks his imagination. By trick photography and video effects, he turns it into a poetic inferno. There are wild skies, tinsel-sparkling seas and cut-out ships on the horizon. There are armies of baying persecutors with flaming torches. There is a mysterious row of old ladies at the sea's edge, making music with the rims of wine glasses. (Are they Norns or distaff versions of Christ's disciples at the Last Supper?)

If these cyclical images are the refrain in Jarman's visual poem, the stanzas are the mock-Biblical vignettes full of a (homosexual) artist's rage, wit and sadness. The Eden serpent is a crawling leather-boy wielding a dildo. Adam and Eve are two male lovers who later become a dual Christ. Mary Magdalen is a drag queen. (This brilliantly restores social leprosy to the character in an age when Feminism has canonised the prostitute as a martyr to male supremacism.) And Pontius Pilate holds court in a sauna, where hedonism is on permanent tap and so are supplies of guilt-rinsing water.

The film is the New Testament re-written for the age of Aids and vauntingly proposing the homosexual as that age's sacrificial innocent. (Jarman himself is gay and has been diagnosed HIV-positive.) But the movie makes ripples far beyond that first iconoclastic "splash", stirring thoughts about the place of art, love and faith in a brayingly Godless society. And Jarman himself never succumbs to self-pity or self-glorification even in the few scenes in which he appears: as a bedridden figure at the sea's edge or an artist-mage poring over his desk. The film is a mixture of pain and poetry, ferocity and celebration. And after the equal but opposite shortcomings of Jarman's recent work – the Doomsday hectoring of *The Last Of England*, the dutiful pieties of *War Requiem* – it is a movie in which passion and control miraculously come together.

*

Gardens, the Book of Genesis teaches us, are places so beautiful and innocent that they invite corruption. In the week's two Hollywood offerings, *Air America* and *Arachnophobia*, two earthly Paradises succumb to evil. The first is Laos, bombed and blighted by American aggression during the Vietnam War. The second is a quaint Californian small town invaded by killer spiders. (Note to film-makers and filmgoers: there *are* no quaint Californian small towns. They have all been wiped out by the geo-spiritual spread of Los Angeles and Hollywood).

Ever since the Western died, American cinema has searched for replacement stories in which virgin locales can be deflowered by the thunderous battle between Good and Evil. *Air America* is an Eastern Western or horse-opera with helicopters. Mel Gibson, wised-up veteran, and Robert Downey Jr, wet-eared newcomer, fly for the commercial airline hired by the CIA to drop arms and supplies for friendly natives and bombs on unfriendly ones. This situation is fine: your basic cowboys and Indians. But true corruption steals in when drug-running is revealed to be part-financing the war. Can Mel and Robert blow the gaff and then the whistle?

In *Under Fire*, director Roger Spottiswoode blew life into another war zone with dubious US involvement, Nicaragua. But *Air America* is a bland concoction with a high balderdash content and a dash of hypocrisy. While relishing its high-adventure plot – crash-landing planes, soaring or plummeting helicopters – it tries to tut-tut resonantly at its elected moral villains. These include the usual bunch of weak, conniving officers and foolish fact-finding senators: all the sacrificial caricatures of a nation trying to live down a lost war by appointing altar-ready scapegoats.

Arachnophobia is at once more innocent and less fun. Directed by longtime Spielberg producer Frank Marshall, it earnestly pieces together the plot elements of a 1950s-style creature screecher, school of *Them* or *Tarantula*. But the worried frown of the makers as they pore over their pastiche-kit communicates itself to the film.

As the deadly South American spiders move in on a California town, breeding in the barn of doctor Jeff Daniels and family, we expect screams, giggles and frissons. We expect to be swatting our popcorn in mistake for a tarantula. Instead we find ourselves smiling with dutiful, lockjawed goodwill as the curtains rustle, the bed-blankets make moving mounds or the shower-heads offer hot and cold running arachnids. Main problem: there is menace but no madness. The tonal absence is obvious from the beginning, in which Julian Sands plays the nutty spider professor with all the flamboyant dementia of an Ibsen scholar discovering a lost semi-colon in a draft of *Rosmersholm*.

The heroine of Michel Verhoeven's corrosive German comedy The Nasty Girl discovers things worse than spiders in her home town. Secrets of its Nazi past leap up to catch young Sonja (Lena Stolze) by the throat. She screams, she gurgles, she points the finger: but she is studiously ignored or quietly persecuted. No wonder, foolhardy girl. She is converting an inflammatory school essay on "My town under the Third Reich" into a thesis-length exposé for publication.

The style more than the story delights. The hell with docudrama grittiness, Verhoeven seems to have decided, let us have the epic tableau style of Meister Brecht; or extend that style into the surreal after Meister Syberberg. Vistas blown up from old photographs substitute for real townscapes. Backdrops – a library, a town square – change like lantern slides behind the foregrounded heroine. And in one scene an entire living-room complete with grandfather clock seems to waltz through the city centre.

Character and action are artificialised to match the surreal kilter of the decor. Judges are slumbering stumbling-blocks to justice; children are neo-Nazi delinquents who attack prams; and Sonja's teacher-husband turns from mentor to martyr at a stroke when he hurls himself on a stick of explosives meant for his wife. Verhoeven won a Best Director Silver Bear at Berlin and should have won the Golden Bear shared by *Music Box* and *Lark On A Wire*. *The Nasty Girl* is everything good agitprop should be: witty, intelligent, ill-behaved and scalding to the touch.

Secret Wedding was also a Berlin hit. What is this? The first week of 1991 and already we are shaking the finest fruits off the festival tree? Made in Argentina, Alejandro Agresti's tale of a political prisoner returning to his village after 13 years as a *desaparecido* is a Byzantine tragicomedy worthy of G.G. Marques. Greeted by a conspiracy of witting or unwitting non-recognition, even from his faithfully pining girlfriend, he finds he is a human ghost in a town which has re-mapped history. Denounced by the priest as an impostor and by the town's officials as a KGB agent, he ends up heading dolefully back to oblivion.

Shot with a sardonic flamboyance – soaring crane-shots, vertiginous angles – the movie marries Wellesian visual style to an mournful wit exquisitely and definitively Spanish.

Nigel Andrews

Sacrificial innocents: Kevin Collins and Johnny Mills in Derek Jarman's 'The Garden'

Public performances of private poetry

Poets relate to their own poems in all sorts of ways when they are performing. Some seem to be throwing the poems away, as if disowning them or, at best, emphasising that they are not private but public property. Others clasp them to their bosoms, taking pride in their nurslings, not letting them grow up or assume an identity of their own. A third kind read as if they had just chanced upon them blowing about in the street – they are neither for nor against them, these things are simply objects of idle curiosity. Some of these forms of ownership strike the listener as healthy, perfectly natural; others make you feel uneasy about both poem and poet.

Norman MacCaig, the man the Scots call their greatest living poet, is of the first kind. MacCaig was 80 in November and the recent reading at the Poetry Society to celebrate the publication of his *Collected Poems* paid tribute to his longevity – and to the durability of his talent. There are 700 poems in the book, most of them fairly short, and every one is beautifully made and clearly expressed. MacCaig is an endearingly unpretentious reader, wholly at ease with himself. He is thin, lanky, with a steely, hawk-like gaze, and the only thing that seems to give him much trouble are the aches in his legs – "O decrepitude!" he muttered to himself, wincing, as he rose from his chair to read. He reads not from his published books but from the typed originals, shuffling his pieces of paper as if they are an unruly pack of cards.

He is not a man much given to brooding, melancholia. His poems stand outside him; they mirror the world he inhabits with crispness, humour, exactitude. They light up the landscape of Scotland, but especially that of Sutherland – its mountains, lochs, rivers, cloud-scapes. He is highly sensitive to shifts in the quality of the light; whole poems can be crystallised by seasonal moments. When he reads he is more likely to choose a recent poem than an early one – which says something about the way he likes his life; optimistically, in the present, unencumbered by self-regard. The way in which he introduces the poems can be as lyrical as the poems themselves. In setting the scene for one written in praise of a small sheep dog that "flowed through fences like a piece of black wind", he informed us that its landscape was "steep and brackeny and bouldery" – a marvellously evocative combination of adjectives.

Carol Ann Duffy is a poet whose tone of voice and delivery help to fix exactly the nature of the poems that she writes. She seems to strike a gesture of defiance when she reads. Her voice has quite a harsh edge, slicing through what she perceives as the cant, the hypocrisy, the crude mammon-worship of our times. In my mind I listed all the things that she was not as I listened to her recently at the Blue Nose Cafe trampling on the Thatcher years in "Weasel Words", a piece of knock-about satire that mocks Sir Robert Armstrong's explanation that he was being merely "economical with the truth" when he lied during the Spycatcher trial. Duffy is not: suave, cultivated, dignified, elegant, or even very precise in her articulation of her own words; she does not have a clear, various, ringing voice. Instead, she is wary, foxy, cornered, pugnacious, harsh, sarcastic, almost spitting out her taunts. She throws words into our faces like a bucket of cold water. She can be a harsh tonic – and an extremely effective one, causing us to reflect upon the pusillanimous gentility, the diffident mysticism of so much of the poetry that gets written and published; of how little it seems to measure up to the present, its discontents, its malcontents.

Polish poet and playwright Tadeusz Ro'zewicz is a great mistruster of things – myths, archetypes, overblown sentiments. His is an art of plain speaking. But this plainness is not to be confused with simplicity. It is the plainness of the parable, the enigma of the seemingly simple story – of the road that seems straight to the eye but, all of a sudden, takes an unexpected turn. It is also the plainness of an intellect that has been purged by suffering (born in 1921, he joined the Resistance during the war), a poetry of "salvaged words".

He was joined at a recent reading at the Voice Box by his translator, Adam Czerniawski, and the subtle interplay between the two helped the listener to measure the difficulties that any translator must experience when he seeks to render the unique tone of any poet's work. Różewicz is a short, stout man who gestures minimally and seems to speak from deep inside his throat – the sound comes out a little muffled, almost as if he were speaking from behind a screen. He never projected his poetry at the audience; he never declaimed. He never tried to persuade us – in the manner of a Brodsky – that poetry is something utterly different from prose. His delivery was very deliberate, almost hesitant. He paused between lines, exploring temporal space. The translator always read the English version first and, by comparison, his words, his manner of delivery, seemed almost jaunty.

Generally speaking, the poems are short, almost laconic (Czerniawski had to read one poem twice because the poet had cut it "in the last day or two"), and perhaps the one that made the greatest impression that evening was "A Tale of Old Women", a poem that speaks of how the ordinary manages to survive in the teeth of tribulation. But it is also about what survives of poetry when it is purged of its inessentials – its rhetorical flourishes, its self-important claims.

Różewicz seemed no longer to be passionately engaged with his poems. He had an aura of scepticism about him that simply said: here they are – and that is what we were … Which was itself impressive, given the nature of his achievements.

Michael Glover

A heady cocktail of criticism

Robert Hughes is an Australian in his forties who lives in America and is art critic of *Time* magazine. Three years ago Hughes scored a well-deserved success with his history of the transportation of convicts to Australia, *The Fatal Shore*, which apart from a huge sale here won two distinguished British literary prizes, the W H Smith and the Duff Cooper. Before that Hughes was known to the British public through a television series, *The Shock of the New*, which told the story of art from 1880 to the present day.

British viewers recognised Hughes to be an expounder of the niceties of pictorial composition and the complexities of art history to rival the best of our own television pundits in this field, such as Kenneth Clark and Edwin Mullins. Hughes's comprehensively screened series on the "shock" period can be read in the book of the same title, published by the BBC in 1980, with – unlike the present book – plentiful illustrations of the works he cites to back his pungently expressed argument.

Nothing If Not Critical is largely made up of Hughes's weekly pieces for *Time* throughout the 1970s and '80s topped by a longer essay on "The Decline of the City of Mahagonny" making the point that the boom in art consumption and investment over the past couple of decades in the US is not to be equated with any corresponding increase in genuine art-appreciation. On the contrary, hope has been submerged by hype – as the tailpiece, a poem in the manner of *The Dunciad*, demonstrates in rhymed couplets updating the names of the dunces. Also included in the collection are one or two longer essays, which first appeared in *New Republic* and *The New York Review of Books*, on Berenson, Tom Wolfe, Jean Baudrillard.

The historical perspective is even wider than in *The Shock of the New*. Holbein and Goya are just two of many old masters discussed; we work our way, via the stepping-stones of innumerable retrospectives and one-man shows, through the 18th, 19th and early 20th centuries, to such contemporaries as Lichtenstein, Warhol, Bacon – to name but a few – and a whole string of younger American artists of whom Hughes gives enticing or cautionary accounts. Many of these, possessing established reputations in America, are barely more than names this side of the Atlantic. Like several critics either side, Hughes evinces a strong distaste for the work of Julian Schnabel. The more they slam this artist of the broken plates, the more paintings he seems to sell at ever more astronomical prices.

By the time the British reader is half way into Hughes's book he feels very much of a country cousin. True, we have our grand treats like the Monet, but not in such ubiquitous plenitude as appears from Hughes's energetic to-ing and fro-ing from New York to Chicago, to Washington DC and all points west.

"The Brooklyn Museum's entrance hall", he tells his readers in 1986, "is a period room of the recently lost future, haunted by a peculiar American dream from the days when model-airplane kits were still mostly balsa … Your trousers shorten as you look." That quip leads into a consideration of "The Machine Age in America, 1918-1941" which is just the kind of overall theme involving historical expectation, architecture, engineering, design and aesthetics, to which Hughes really warms. He shows how the machine – an instrument of death – after the first world war was transformed into the tool of the new utopia.

Like this admirable essay, most of the pieces have the kick of a good American cocktail and as such it is unwise to down too many of them at a time. The need to be on a permanent high makes Hughes sometimes over-flip; Jackson Pollock is Jack the Dipper, de Kooning is Hurricane Willem, and Alex Katz (who paints pretty women in lofts) "the Norman Rockwell of the intelligentsia", while Rockwell himself, in a warm obituary tribute, is Norman Normal, the Rembrandt of Punkin Crick. An 18th century wine-cooler, in "The Treasure Houses of Britain Exhibition" which Hughes wickedly sends up, is "half the size of a Jacuzzi".

It is re-printed journalism, to be sure, but so was one of the most influential books of art-criticism ever published, Roger Fry's *Vision and Design*, containing a selection of the author's previous 20 years work as a critic. Exactly 70 years separates the two collections. Put side by side they show what has happened to art criticism during that period. Fry's cool, penetrating, donnish Bloomsbury prose, deals with an art world that is wholly London – or Paris – based yet it takes in Islam, Negro sculpture, the art of the Bushmen, as well as Giotto, El Greco, Ingres, Renoir and Cézanne (a new discovery). Fry's approach to a work is always through its inner values. He is writing at a time when the great private collectors in Europe were often great scholars. His foremost concern is what happens to us when we look at a painting. He sees the artist, through the eyes of the bourgeois, as "a strange species half idiot, half divine, but above all irredeemably and irresponsibly himself". The "investment" we make in a work of art is for him primarily an emotional not a financial one.

NOTHING IF NOT CRITICAL
by Robert Hughes
Collins Harvill £16, 412 pages

Hughes sees an artist as the product of social pressures like everyone else, and he deals with the art market intermittently throughout and at some length in a re-printed lecture on "Art and Money". Hughes plants himself squarely at the intersection of art and politics. He signals Picasso's "Guernica" as the last of the great political pictures. One of the most seminal, he explains, and from which Picasso's stems, was Goya's "The Third of May 1808: The Execution of the Defenders of Madrid". Hughes finds almost everything he needs to write about in America, though he does fly to Paris sometimes and to London for the Stubbs and Reynolds shows at the Tate.

What the Impressionists and Post-Impressionists were to Fry, the American Abstract Impressionists, Pollock, de Kooning, Rothko, Newman, David Smith, Gorky, Gutson, Krasner and Motherwell, are to Hughes – a constant preoccupation. It is a collection to put on one's art-criticism shelf beside not only Fry but also John Updike's *Just Looking* and the poet John Ashbery's *Reported Sightings*.

Anthony Curtis

INTERNATIONAL ARTS GUIDE
TODAY'S EVENTS

AMSTERDAM
Concertgebouw 20.15 Oliver Knussen conducts the Hague Residentie Orchestra in music by Elliott Carter, Heinz Holliger and Oliver Knussen. Ole Boehn is soloist in Carter's Violin Concerto and John Snijders plays Night fantasies for piano solo. Tomorrow: Mark Wigglesworth conducts National Youth Orchestra in Mozart and Mahler (718345)

BERLIN
MUSIC
Staatsoper unter den Linden 19.00 *Les Contes d'Hoffmann*. Sat: La traviata. Sun: Der fliegende Holländer (2004 762)
Komische Oper 19.30 La Bohème, a Harry Kupfer production conducted by Joachim Willert. Tomorrow: Der Freischütz (2292 555)
Schauspielhaus 20.00 Berlin Symphony Orchestra under American conductor George Byrd plays Bernstein's Divertimento, Gershwin's Piano Concerto with soloist Peter Jablonsky, and Frankensteinl! pandemonium for voice and orchestra by H.K.Gruber. Also tomorrow and Sat (2272 261)
DANCE
Deutsche Oper 18.00 Ring um den Ring, joint production by Deutsche Oper and Béjart Ballet Lausanne, four hours of Wagner's music choreographed by Maurice Bejart. Repeated tomorrow. Sat: Aida with *Julia Varady in title role* (3410 249)
THEATRE
Berliner Ensemble 19.00 Galileo Galilei directed by Manfred Wekwerth and Joachim Tenschert, music by Hanns Eisler. Sat: Mother Courage. Sun: The Threepenny Opera (2827 712)

BONN
Oper 19.00 Die Frau ohne Schatten conducted by Dennis Russell Davies, with Paul Frey, Anna Tomowa-Sintow, Ute Vinzing and Siegmund Nimsgern, repeated Sun. Tomorrow: The Nutcracker, choreographed by Yuri Vamos. Sat: *Rigoletto, with Leontina* Vaduva as Gilda (773667)

COLOGNE
Philharmonie 20.00 Post This and Neo That, jazz spectacle, repeated tomorrow (2801)
Schauspielhaus 19.30 Das Ganze ein Stuck, Frederike Roth's experimental play directed by Gunter Kramer (221 8400)
Schlosserei 20.00 The Seven Deadly Sins by Bertolt Brecht and Kurt Weill (221 8400)

DRESDEN
Semperoper 19.00 Der fliegende Holländer, with Hänsel und Gretel tomorrow and Falstaff on Sun (4842 731)

FRANKFURT
Alte Oper 20.00 Broadway production of West Side Story, repeated tomorrow and Sat (1340 400)
Kammerspiel 20.00 The Caretaker *by Harold Pinter* (236061)

HAMBURG
Staatsoper 19.00 Gerd Albrecht conducts Alfred Kirchner's staging of Idomeneo, also Sun. Sat: Hänsel *und Gretel* (351555)
Deutsches Schauspielhaus 18.00 Wunschpunsch, new play by Michael Ende (248713)

LEIPZIG
Opernhaus 19.30 *Il trovatore*, new production by Giancarlo del Monaco, designed by Peter Sykora. Sat: Der fliegende Holländer (7168 273)

LONDON
MUSIC
Coliseum 19.00 English National Opera production of Pelleas et Melisande conducted by Mark Elder, staged by David Pountney, with *Willard White as Golaud*. Tomorrow: The Love for Three *Oranges* (836 3161)
Queen Elizabeth Hall 18.00 The Ring Saga Part One: Alberich's Curse. Two-part reduced version of Wagner's Tetralogy by City of Birmingham Touring Opera. Part Two on Sun (928 8800)
DANCE
Covent Garden 19.30 Royal Ballet production of The Nutcracker conducted by Mark Ermler, with Viviana Durante and Errol Pickford *in principal roles*. Repeated at 14.30 and 19.30 Sat (240 1066)
THEATRE
This week's shows include Pinter's The Homecoming directed by Peter Hall (Comedy, previews), Joan Collins in Private Lives (Aldwych), Miss Saigon (Drury Lane), Andrew Lloyd Webber's Starlight Express, Aspects of Love and Phantom of the Opera, Ayckbourn's Man of the Moment (Globe) and Absurd *Person Singular (Whitehall). Phone* Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

MUNICH
MUSIC
Staatsoper 19.00 Otto Schenk's *production of* Die Fledermaus, with Pamela Coburn and Hermann Prey, also Sat. Tomorrow: Un ballo in maschera with Aprile Millo and Peter Dvorsky (221316)
DANCE
Philharmonie 20.00 Russian State Ballet in extracts from Swan Lake, Sleeping Beauty etc. Also Sat (48098 614)
THEATRE
Kammerspiele 19.30 Ibsen's The Lady from the Sea directed by *Thomas Langhoff* (23721 328)
Cuvillies-Theater 19.30 Goethe's Clavigo. Tomorrow: Arthur Schnitzler's Zwischenspiel (221316)

NEW YORK
MUSIC
Avery Fisher Hall 20.00 Zubin Mehta conducts New York Philharmonic Orchestra in Bruckner's Seventh Symphony and the New York premiere of a recently discovered piano concerto by Liszt, with soloist Jerome Lowenthal. Repeated tomorrow at 11.00 and Sat (874 2424)
THEATRE
This week's shows include *Assassins*, *new musical by Stephen* Sondheim (Playwrights Horizons), City of Angels, musical about Hollywood in the 1940s by Larry Gebhart (Virginia), Black and Blue, an evening of classic jazz and blues with tap-dancing (Minskoff), *Monster in a Box*, *one-man show* by Spalding Gray (Lincoln Center) and Six Degrees of Separation, new play by John Guare (Lincoln Center). Ticketron (239 6200) answers inquiries and sells tickets

PARIS
MUSIC
Opera Bastille 20.30 Recital by soprano Anne-Sophie Schmidt in Amphitheatre (4001 1616)
THEATRE
Theatre des Bouffes du Nord 20.30 Peter Brook's production of The Tempest. Runs till March 2 (4607 3450)

PRAGUE
National Theatre 19.00 The Devil and Kate, comic opera by Dvorak. Sun: Bohumil Gregor conducts From the House of the Dead
Smetana Theatre 19.00 Madam Butterfly. Tomorrow: Don Giovanni

ROME
Teatro dell'Opera 20.00 Tosca, with Raina Kabaivanska and Ingvar Wixell, also Sat (463641)

STOCKHOLM
Royal Opera 19.00 Manon, three-act ballet choreographed by Sir Kenneth MacMillan, conducted by John Lanchbery, music by Massenet. Tomorrow: *Les Contes d'Hoffmann*. (248240)

UTRECHT
Vredenburg 20.15 New Year's concert with orchestra, soloists and dancers from Budapest. Sun at 14.00: Netherlands Radio Philharmonic Orchestra conducted by Jean Fournet play Martinu's Sixth Symphony and music by Frank Martin (314544)

VIENNA
Staatsoper 19.00 Samson et Dalilah conducted by Georges Prêtre, with Placido Domingo and Agnes Baltsa, also Sun. Tomorrow: Der fliegende Holländer with Bernd Weikl in the title role. (51444 2960)
Volksoper 19.00 Die Zauberflöte. (51444 3318)
Musikverein *19.30 Zilina State* Chamber Orchestra conducted *by Tsugio Maeda play Mozart and* von Einem (505 8190).

Telephone sales of tickets for Staatsoper and Volksoper available worldwide for holders of credit cards by ringing Vienna 5131 513

WASHINGTON
Kennedy Center Opera House 20.00 Grand Hotel, Broadway musical. Ends Sun (467 4600)

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FINANCIAL TIMES

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Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Thursday January 3 1991

Democracy in Nigeria

THE ill-wind from the Gulf has blown life into the Nigerian economy. After a decade of falling living standards, black Africa's most populous state is starting to enjoy the benefits of an oil windfall. By happy coincidence it comes as the phased return to democracy, culminating in presidential elections by October 1992, gets under way. President Ibrahim Babangida nevertheless faces challenges on both the economic and political fronts.

Doubts persist about the calibre and integrity of economic management, notwithstanding the implementation since 1986 of a structural adjustment programme endorsed by the IMF. And although the objective of a civilian government in 1992 is admirable, the process may be fatally flawed.

Mr Babangida was right in his New Year budget address to take a cautious stance on prospects for world oil prices, basing the 1991 budget on $21 per barrel. There is no guarantee that it will turn out to be an underestimate, as was the case a year ago. Then Nigeria's planners assumed an average for the year of $16. After Iraq's invasion of Kuwait, however, the price reached $40.

The resultant bonanza has provided most of the funds for a 26 per cent increase in foreign exchange allocation in the coming year, much to the relief of an industrial sector in dire need of spare parts and raw materials. At the same time, substantial cuts in interest rates are in the pipeline. The country's minimum wage will be doubled.

The boost to the economy is timely, for the pain of austerity was contributing to political rumblings. Per capita GNP has fallen to less than $300, half the level of 10 years ago in real terms. It is also right to stimulate growth after reforms which have included substantial devaluation of the naira and rehabilitation of agriculture, and have also begun the privatisation of government and state owned enterprises.

Sceptical audience

But the government has yet to convince a sceptical electorate, as well as international creditors to whom it owes some $34bn, that much of the oil revenue will not be squandered, as it was in the 1970s.

They have reasons for concern, despite the praiseworthy reforms undertaken since 1986. Government management is still weak and corruption remains endemic. The government refuses to abandon white elephants – such as the Ajaokuta steel plant. This waste of resources has strained relations with donors, including the World Bank. Although conditions for the private sector have improved, the government still puts obstacles in the way of foreign investors.

Not surprisingly, creditors involved in negotiations to reschedule Nigeria's external debt wonder whether the additional resources made available through easier repayment terms would be put to good use.

Political unease

On the political front, an edifice designed to restore civilian rule is built on sand.

It got off to a bad start when in 1987 the government decided that only two political parties would be permitted. Thirteen parties applied for recognition. All were rejected by Mr Babangida because they represented "old lines of cleavage – ethnic, geopolitical, religious and class."

He had a further reason. Mr Babangida seems to have believed that if he dictated the parties' platform – support for his structural adjustment programme, as well as a commitment to the completion of the Ajaokuta project – he could ensure the survival of his economic policies.

So government foisted on the electorate two parties of its own creation: the Social Democratic Party, supposedly on the "left", balanced on the "right" by the National Republican Convention. Hardly any difference was apparent in their manifestos, drawn up by government officials.

An important test came last December, when the two parties contested local government elections. Less than 20 per cent of voters turned out for the soulless contest.

This week's boost to the economy is unlikely to end doubts about the viability of the transition to democracy, which is due go a step further at state elections later this year. Mr Babangida may discover that his attempt to dictate terms to his successor is as impractical as it is well meant. Market forces apply in politics as well as economics.

A watchdog for the press

NUMBER ONE Salisbury Square lies at the end of a narrow lane which leads to Fleet Street, where Britain's national newspaper industry was based before new technology scattered it across London. It was perhaps significant that even when most of the industry fled, the industry's watchdog, the Press Council, should have remained.

From this week, however, the Press Council too is gone, victim of the Calcutt report on privacy and a rash of parliamentary attempts to impose curbs upon Britain's press.

The Press Council's successor is the Press Complaints Commission, a body whose formation was recommended by Calcutt as a last-ditch attempt to force the British press to police itself upon pain of statutory rules on such matters as invasion of privacy and right of reply, with financial penalties for bad behaviour.

Too much, perhaps, should not be read into the fact that when Lord McGregor, the first chairman of the commission, reported for work yesterday, he did so to 1 Salisbury Square, since the commission has inherited the premises and staff of the unloved institution it has driven out of business. Given that Lord McGregor thinks he has only 18 months in which to establish the commission's reputation as an effective self-regulator of the press, he clearly has much to do to obliterate the memory of an organisation which was blamed, not always fairly, for being slow, uncommunicative and in the end plain ineffective in fostering public confidence in the press.

Credible team

Lord McGregor has a number of advantages over his Press Council predecessors. Not least is his own experience and reputation, including a successful period as leader of the Advertising Standards Authority. Even more important is the fact that the newspaper industry, which alternately ridiculed and ignored the council, has said it will support the commission and underscored the point by pledging a budget twice as large as the council's. Lord McGregor also has a credible group of commissioners which includes the editor of The News of the World, one of Mr Rupert Murdoch's racier publications. There is, however, no representative from the stable of Mr Robert Maxwell.

Swift action

The commission's central task is to provide swift – within weeks not months – adjudication on complaints that a newspaper has violated the code of practice reproduced on page six of today's FT. More difficult, it must then be able to show over time that offenders have reformed. All this must be achieved without benefit of any specific sanction; effective self-regulatory clubs are normally found to need at least the threat of damaging expulsion.

It is profoundly to be hoped that the commission succeeds in this uphill task, since statutory controls, too casually envisaged in the Calcutt report, would represent a very serious setback indeed to press freedom in Britain. The effects would be more harmful than the occasional, unruly behaviour of some tabloid newspapers.

On a broader canvas, the piecemeal erection of press controls would also further reduce the chances for either a less regulated environment for the broadcast media or a constructive debate about individual constitutional rights. The Calcutt sword of Damocles is there to be grabbed by any future government; it is not likely that the weapon would be used wisely.

That said, the Press Commission's code of practice has the wholehearted support of this newspaper. It sets out principles to which the FT has long been committed, including a code of conduct for financial journalists. Unlike other national newspapers, however, the FT has declined to appoint an ombudsman or reader's representative to handle complaints from readers. We take the view that this is and will remain the editor's responsibility, best performed without an intermediary.

The costs of unity and the economic split between west and east Germany will pose harsh choices in 1991, writes **Norbert Walter**

Country in a state of flux

FORECAST 1991 GERMANY

Nineteen eighty-nine was the year of revolution; 1990 the year of elections and designing policies and institutions; 1991 will be the first in a series of years of hard work. Germany has made up its mind: it is determined to integrate its two parts. The problems are obvious; they have been identified. This normally is the prime (if not the only) precondition for successfully tackling them.

The economic scenario in Germany cannot be described by a set of average statistics. The country is split. The western part works at full capacity; skilled and unskilled labour is scarce; domestic prices threaten to accelerate; order books are filled, investment activities have reached records, retail sales are buoyant.

The eastern part of the country suffers from other forms of strain: it is undergoing the most abrupt structural change experienced in modern history. After economic and currency union, it was immediately confronted with competition from the most advanced western countries. Thus, shelves in former GDR shops were filled with western goods overnight; demand for east German products collapsed. Moreover, eastern bloc countries opening to the west themselves reduced their imports from former GDR companies. Other clients of GDR companies in the east ran out of foreign exchange. Consequently, production dropped precipitously in the new federal states. Only through generous subsidies (including liquidity credits) to companies was it possible to avoid a more massive fall. Because of this decline, unemployment soared in industry; even more pronounced was the rise in short-time work, now affecting more than 20 per cent of the labour force.

None the less, it would be inappropriate to suggest that the country was suffering but not gaining from this radical restructuring. The positive side to structural change is already obvious. During the first 10 months of 1990, 226,000 new businesses were registered in east Germany, more than half of them in the retail sector and the hotel and catering trade. Activity in the services sector in general has been upbeat since the middle of last year. Investment by west German banks and insurance companies was encouraging. The construction sector is currently picking up.

The western part of the country is not in all its segments "suffering" from over-employment. Of course, sectors that are strongly exposed to the international economy are adversely affected by the worldwide decline. This holds true particularly for the steel and chemical industry.

As in any other economy, the surge in the oil price after Iraq's invasion of Kuwait had its impact on Germany. Price increases were more pronounced and the current account worsened. Nevertheless, these effects remained limited. Consumer prices only rose by about 2¾ per cent in 1990 despite the oil price hike. The current account surplus, although declining from a good DM105bn in 1989 to DM75bn in 1990, still exceeds 3 per cent of Gross National Product.

Since 1989, monetary policy in Germany has been restrictive. Contrary to expectations throughout the world, not even currency union, with its DM-Ostmark conversion rate of 1:2, changed this. Monetary expansion remained under control, real interest rates stayed at record levels and the interest yield curve continued to be flat. The new money supply target for 1991 (4 to 6 per cent for M3), unchanged from 1990, indicates continuing restrictiveness.

The Bundesbank made it clear that it aims at the lower end of the target band as a guard against insufficient fiscal discipline in Bonn and excessive wage settlements. This implies, under all practical circumstances, continued monetary restriction until early summer 1991, and possibly stronger curbs in the meantime. This, in turn, implies – assuming a continued recessionary trend in the world economy – a strong D-Mark against the floating currencies and pressure for restrictive monetary policies in countries within the European Monetary System. The latter would hardly be welcome should there be a more pronounced economic slowdown. Pressure on foreign exchange markets for a realignment within the EMS would be increased – an event not unwelcome within the Bundesbank, but mostly considered as adding to problems in our EMS partner countries.

Thus the pressure will be on Bonn's fiscal policy. The budget deficit in 1990 was 4 per cent of GNP (after zero in 1989); in 1991 it will amount to 5 per cent. Such a fiscal stimulus is welcome only if resources are available. This certainly does not hold true for the western part of Germany. The resources available in eastern Germany, however, can only be re-employed if combined with western capital – financial, physical and human capital. If the resources drawn on came from west Germany only, capacity limits would be reached soon. This, incidentally, represents a good chance to tap resources in European and other Organisation for Economic Co-operation and Development countries, since they are experiencing a slowdown. Fiscal stimulation can thus be welcomed in Germany if there is sufficient spill-over of demand into partner countries.

According to the consensus of forecasts, the German current account surplus will drop by more than 2 per cent of GNP in 1991. The view has been voiced outside Germany that such a stimulus will, however, be compensated, if not over-compensated, for by the direct and indirect effects of Germany's monetary squeeze. This monetary transmission is made more effective by the fixed exchange rate regime of the EMS, since it passes on high German interest rates directly to partner countries.

While a theoretical case can no doubt be made for mitigating the impact of the monetary squeeze on Germany's EMS partners through a realignment of nominal exchange rates, empirical evidence suggests that trade flows are far less responsive to such price changes than incomes.

Given that the effectiveness of realignments in nominal exchange rates has been widely questioned on empirical grounds, the argument for a correction of German fiscal policies should not be based on its international macro-effects, but rather on its German micro-foundations. There is much reason to doubt its wisdom. A number of expenditures should be reviewed. The reduction of east-west tensions has made possible a curtailment of defence outlays. Many subsidies to companies in the west and even more in the east are questionable, since they help preserve outdated structures. Some of the transfers are too strong an incentive to people not to work, and certainly not in the official economy. A redesigning of government outlays is essential, with infrastructure in the new eastern federal states given priority.

Increasing taxes to finance the costs of unify is an ill-founded piece of advice given to the Bonn government. Germany is already over-taxed. Aggravating this situation will not improve the allocation of resources. Nevertheless, the Bonn government – under pressure from social democrats, the Bundesbank and international circles – is tending to move in this direction, which is anything but helpful. It would be much better if the Bonn government improved its budget by a more forceful privatisation effort not only in the east but in the west as well. Such as move would make – most importantly – the economy leaner, more flexible and efficient, and it would bring revenue into government coffers.

The most relevant institution in this respect is the Treuhand (state holding company) that owns 10,000 companies, employing about 5m people. This government institution should give up trying the impossible. Instead of attempting to restructure east German companies or at least to find candidates for takeover, it should "outsource" this job to as many competent international groups as possible. The Treuhand considers itself able to cope with a task which should, in fact, be tackled by tens of thousands of competent managers, and not by a few hundred well-intentioned government-appointed persons.

Wage policies in Germany are criticised as another source of misgivings over the future. There is some truth in that, but a lot of misunderstanding as well. At about 6 per cent, the present wage settlements in west Germany are certainly at the high end. Before too long, they will be considered too high for the traded goods sector, which has to compete with suppliers from the US or the far east.

Wage settlements, at 20 to 50 per cent in summer and autumn 1990 in east Germany, were considered outrageous and detrimental to future employment. This is true for certain industries and many low-skilled workers, or those in "socialist" professions. But these increases reflect market reality, especially where they relate to jobs in former border areas (and Berlin) and to workers who are skilled and mobile. It should be understood that more than half the workers of the former GDR could decide to come to western Germany daily. The number of commuters is already high.

Domestic demand is being fuelled by continued substantial immigration – another 500,000 in 1991 after close to 1m in 1990 and a similar figure in 1989 – adding 1 per cent a year to the population. A continuing process of creating jobs (in west Germany the number increased by more than 3 per cent in 1990), obvious investment opportunities in east and west Germany, and a surge in residential and non-residential construction will continue to characterise Germany.

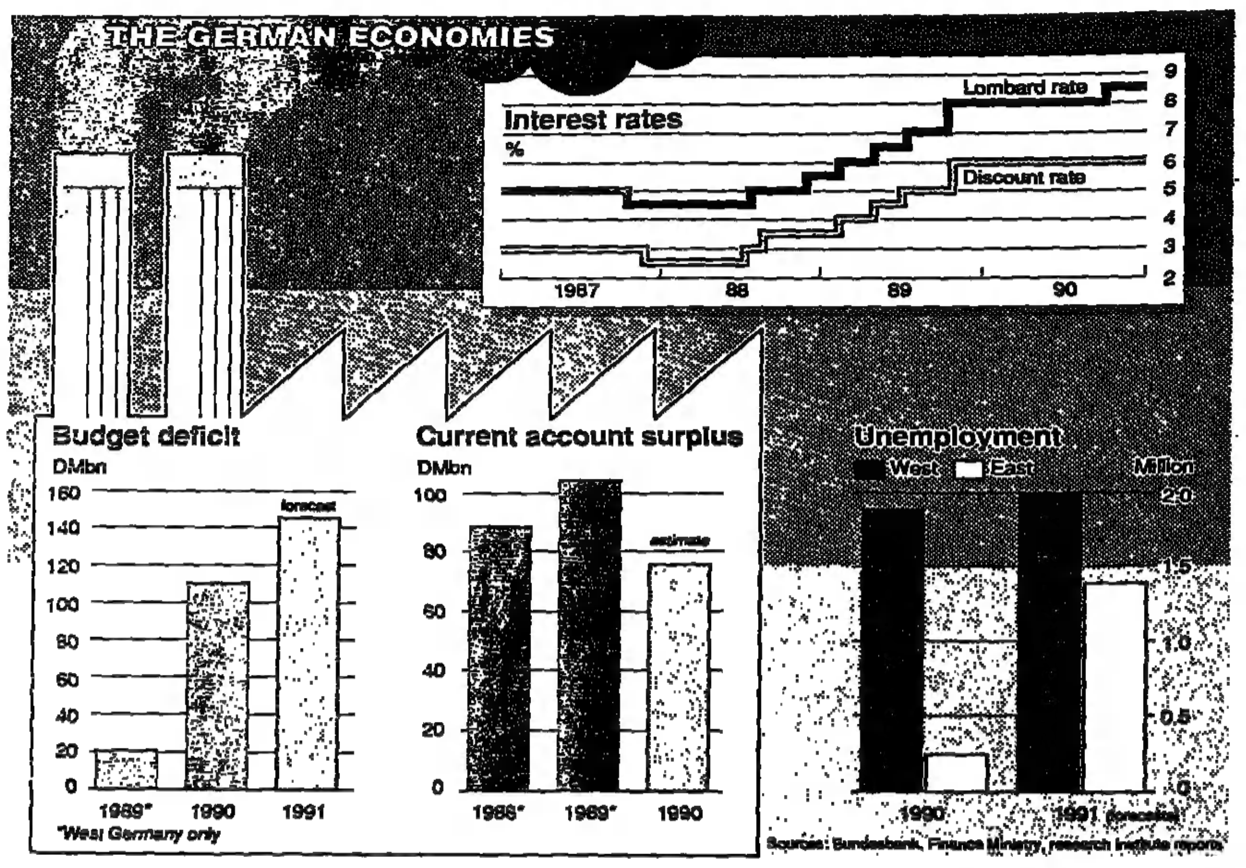
The worldwide slowdown will free resources for the dynamic demand in Germany. Since the German economy is so strongly exposed to the world economy, a certain slowdown of the growth rate cannot be avoided. Thus, after a GNP increase of a good 4.5 per cent in 1990, a growth rate of some 3 per cent is to be expected for 1991. Fierce international competition, together with the strong D-mark, will keep price pressure at bay. The Consumer Price Index will increase by some 3.5 per cent in 1991, assuming an average oil price of $25 a barrel and an average D-Mark-dollar exchange rate of 1.45.

While the momentum of employment creation in west Germany is in force and will help to reduce unemployment further, the east German labour market has yet to reach its trough. Only after the shake-out of the unviable parts of east German industry during 1991 will an overall improvement of the job situation in the east be possible. Until then unemployment will continue to rise. A figure in the vicinity of 2m – more than 20 per cent of the labour force – cannot be ruled out.

It is to be hoped that Germany's special conditions will help the world economy and particularly western Europe not to drift into a fully-fledged recession. To this end it would be helpful if financial markets in the new year perceived the inflation risk for what it is: only a very remote danger. This would help to bring real interest rates down to less excessive levels.

It would make for a promising trend if Europeans were to embark fully upon a truly joint European policy. The inter-governmental conferences on political and currency union offer a chance. Instead of fighting lost wars over illusions of sovereignty, European governments should build a coherent European response to the global political, military and economic imperatives. The post-war era is definitely over. Nostalgia will not get us any further. Europe must not miss this chance.

The author is the chief economist of Deutsche Bank.



OBSERVER

Hacca's last puzzle

■ It is one thing for a member of the working class to die without writing a will. But when you are as rich as the late Robert Holmes à Court was reputed to be, then it can be a financial disaster for the surviving family.

The Australian Broadcasting Corporation said yesterday that the South African born Holmes à Court, himself a solicitor, had carried an unsigned will in his suitcase for 18 months before his death last September. The problem is that no one can find it.

Peter Patrikeos, the family's solicitor, says that there is no will as far as he knows. Once described as the "world's biggest loser" in the 1987 stock market crash, Holmes à Court, or Hacca as he was affectionately known, was still said to be worth A$800m at the time of his death.

Australia seems to be better equipped than some other countries to deal with this legal nightmare. Under Western Australian law if a person dies without a will the estate is divided between the spouse and any children. Holmes à Court is survived by his widow Janet, three sons and one daughter.

Under the Administration Act of 1903 the wife is entitled to the first A$50,000, followed by an additional A$50,000 and one third of the balance of the estate. The remaining two thirds are divided among the surviving children. Until the size of the estate is published, the scale of the potential problem is unknown.

Indeed, it would be surprising if Holmes à Court had not taken full advantage of the world's tax havens to shelter even his much shrunken estate from the hands of the prying tax man by setting up various offshore family trusts.

Nevertheless, the lack of a will is tantalising. Some entrepreneurs are superstitious about writing wills. But given his love for complicated deals he may just have wanted to test his lawyers with one last intellectually rigorous puzzle.

Hear the smell

■ The prize for the first odd-ball money-making idea of 1991 goes to Community Network, a charity providing telephone – linked "socials" for house-bound people. It is organising a course in wine tasting – by telephone.

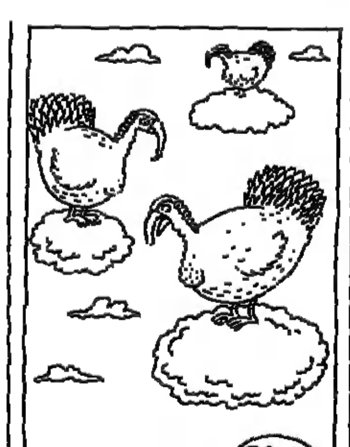
For a few pence short of £130 the participants receive 24 half bottles of wine, a set of course notes, A Guide to Wine by Maureen Ashley and six telephone tutorials with eight other enthusiasts. Four wines are tasted each session and their characteristics discussed down the line with other participants and the tutor.

Although about 30 full bottles of average plonk could be bought for the same money, response to the idea is said to be encouraging. The first course is planned to start in a few weeks time.

Big business

■ Yosemite national park, one of the most spectacular landmarks in the US, has turned into an unlikely battleground between Matsushita, the Japanese electrical giant, and Manuel Lujan, the garrulous US Secretary of the Interior.

Matsushita acquired rights to provide food, lodging and other services at Yosemite when it paid $6.6bn for MCA, owner of Universal Studios and MCA Records. Mr Lujan has been pressing the Japanese to hand over the concession rights, arguing that it would generate good publicity. Although Matsushita has agreed to sell, it refused to donate the company and put forward a compromise instead. Now, Mr Lujan is talking tough.



"Oh God! They're still eating my leftovers."

"Happy New Year," he said in an interview; "a Japanese company now owns exclusive rights to do business in Yosemite." This week, he threatened to cancel the concession. "The Japanese company is a big firm, but it's not bigger than the US government."

All this may just be clever negotiating tactics, but Lujan-watchers will recall that the former US Congressman from New Mexico has a habit of shooting from the hip. He predicted that the Exxon Valdez oil spill would lead to a tourist boom in Alaska. He praised a mining company's plan to paint toxic refuse to blend in with the surrounding desert.

Insiders joke that his spokesman has issued more "clarifications" on his behalf than for the rest of President Bush's Cabinet combined.

Mr Lujan is not the first controversial Interior Secretary. James Watt, who was appointed by President Reagan, was forced to resign after making racist jokes. Donald Hodel, his successor, once advised wearing sunglasses as the best means of guarding against ozone layer depletion. But Mr Lujan is certainly the first Interior Secretary to join the growing band of Japan-bashers in Washington. Foreign investors in the US, beware.

Italian job

■ Why is it that Italy seems to be such a minefield for UK financial institutions? Barclays Bank lost a bundle in leasing and several other well known City names suffered heavily from the collapse of Banco Ambrosiano. Now Guardian Royal Exchange has retired hurt after losing over £70m on an insurance joint venture less than two years old.

Unlike Barclays, GRE should have been rather well connected in Italy. It did not make the far too common mistake of entering a potentially difficult new market on its own. SanPaolo, its Italian partner, is one of Italy's major financial institutions and should have been able to ask the sorts of questions that less worldly UK insurance executives might forget.

Charles Hambro, GRE's chairman and a GRE director since 1957, sits on the board of SanPaolo which in turn is the biggest investor in his merchant bank. David Cooper, a GRE general manager, and two of his colleagues joined the board of the Italian venture. Presumably, they were learning Italian.

The finger is now being pointed at Acqua Marcia, the vendor of the ill-fated Italian operation. Heads rolled at General Accident after its recent disastrous New Zealand investment. It will be interesting to see whether the same happens at GRE.

Look no further

■ Card in the window of a Birmingham junk shop; "If you don't know what you want, there's plenty inside."

Problems in the financial sector may mean slower growth, says **Kazuaki Harada**

A lowering of expectations

The Japanese economy has over the past year presented a striking contrast. On the one hand, the financial sector has been in a parlous condition, as tightening credit has led to sharp falls in share and land prices. On the other, the real economy has looked remarkably healthy.

In 1991, the distinction is likely to persist. But it is possible that as the new year unfolds, the troubles of the financial sector will begin to impinge on the real economy.

The main indicators of the real economy, including private capital investment and personal consumption, suggest it is still strong. A survey of Japanese companies' expectations carried out by the Bank of Japan in mid-November revealed some concern about future trends, but more than half of the companies surveyed regarded economic conditions as robust.

Large corporations were revising their plans for capital investment *upwards. The labour market* [redacted] still tight. Wage and price [redacted] strengthening. Judging from the survey's results, the Bank [redacted] Japan [redacted] no reason [redacted] move towards [redacted] relaxation of monetary policy.

Looking at the macro-economy overall, however, some [redacted] a slowdown have begun to emerge. For

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example, new automobile registrations in November fell below the level for the previous year for the first time *in well over three years (excluding a* temporary drop in March, 1989 owing to the revision of tax systems). Similarly, the rate of growth in the money supply (M2) had declined to 10 per cent in November (from 11.8 per cent in October), and consumption expenditures fell below the previous year's *level for the first time in 14 months.* Orders for machinery, a leading indicator for capital investment, also fell below the previous year's level.

On the basis of such data – and taking the uncertainty surrounding the Middle East and the drop in stock prices into account – it looks as if the *economy may be moving into a period* of adjustment, following four years of prosperity.

How one appraises the prospects for 1991 depends on [redacted] one [redacted] the real economy or mainly looks at the financial sector.

In the real economy, Japan's capital investment *looks likely to remain* strong, sustained by the need to introduce new technologies and make labour-saving investments. Consumer spending is also likely to grow steadily in the light of Japan's relative price stability and of large spring wage increases.

On this argument, although there may be some negative impact from the rise in interest rates, Japan's real *GNP is very likely to show growth of* close to four per cent this year, and may well be on course to exceed its previous record for a long upward trend – the so-called *Izanagi* expansion that lasted 57 months, from December 1965 to July 1970.

If we focus on the impact of finan*cial developments, however,* a quite [redacted] picture [redacted] Even though Japan's capital investment [redacted] structural reasons, we must [redacted] forget [redacted] one of [redacted] factors promoting in[redacted] was the period of very loose credit after 1986 – and credit began to tighten during *1989. So while investment is strong at* present, capital spending plans will in time be revised downwards because of high interest rates and lower stock prices.

From [redacted] coming spring, [redacted] growth rate of investment will drop substantially and investment in private housing will also show a net decline. This suggests a more [redacted] vative view that real growth in fiscal 1991 will *amount* to only about three per [redacted]

I am more inclined to the view that financial developments *will have* [redacted] negative impact. The key to [redacted] trends in 1991 will be private capital investment, which accounts for between 22 and 33 per cent of GNP. [redacted] four [redacted] Japan's capital investment has [redacted] steady two-digit percentage growth rates, for [redacted] main reasons.

First, following a sharp appreciation of the yen in the mid-1980s, corporations were obliged to restructure their operations; this development was accompanied by changes in technology and by increasing use of advanced information systems. If corporations had *neglected investments* in R&D and information systems, they would have been unable to survive in the highly competitive environment.

Second, [redacted] prosperity [redacted] tinued, [redacted] supply [redacted] labour became increasingly tight. It [redacted] tion to say that the principal bottleneck [redacted] corporate management at present [redacted] shortage [redacted] workers. In [redacted] shortage, corpora[redacted] stepped up [redacted] invest[redacted] in labour-saving equipment.

Third, [redacted] factors were [redacted] extremely [redacted] expenditures – in particular the [redacted] of credit, which dropped [redacted] the Bank of Japan lowered its [redacted] discount [redacted] times [redacted] per cent, [redacted] in *history.* [redacted] excess liquidity, which in turn led to increases in stock prices [redacted] the crazy run-up [redacted] prices.

Leading J[redacted] were [redacted] to float huge equity issues in Japan and overseas at exceptionally low interest rates of 0.5 per cent or less. *As a result, the return on invest*ment was [redacted] above the cost [redacted] raising funds, encouraging investments to [redacted] capacity.

Japan's monetary policy began to tighten in June 1989 and as a result, stock [redacted] started falling in early [redacted] – a fall accelerated by the [redacted] the Middle East crisis last August. On October 1, the [redacted] average, fell temporarily below Y20,000, having dropped from [redacted] peak *of* Y38,915.

At present, expectations of future increases in [redacted] have been [redacted] and it has become impossible for large Japanese corporations to *obtain cheap funds through equity* finance. Corporate cash in hand is also declining and companies are obliged to rely on bank borrowings and straight bond issues carrying [redacted] 8 to 9 per [redacted] to finance their investments.

Despite the structural factors promoting investment, the sharp rise in funding [redacted] is likely to bring [redacted] of growth in private capital investment in 1991 – possibly dropping from an expected 11 per [redacted] *in fiscal 1990 to 5.5 per cent in fiscal* 1991. Similarly, private housing investment, which accounts for about 5 per [redacted] GNP, will drop by between 5 and 6 per cent as [redacted] result of higher interest rates.

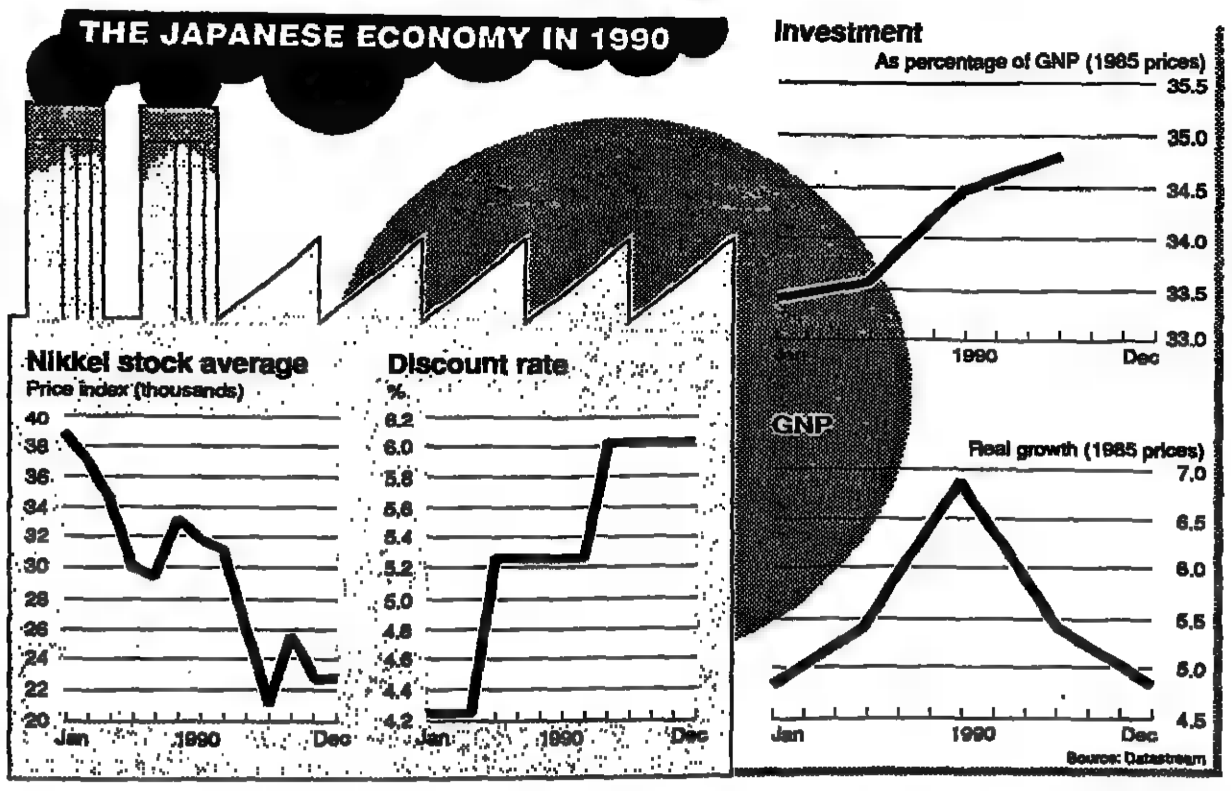
Another important indicator [redacted] consumption. The [redacted] growth in per*sonal consumption will decline* slightly as a result of the drop in stock prices, the uncertainty about future land prices and other factors, but will remain basically firm. Two principal reasons may [redacted] in support [redacted] this view.

First, provided there [redacted] no further *sharp rise in oil prices, price levels in* Japan [redacted] remain [redacted] Second, because of the shortage [redacted] labour, [redacted] in [redacted] will [redacted] likely be 5.5 per cent to 6.0 per cent, [redacted] as in 1990. However, higher net worth [redacted] with large holdings of stock and land [redacted] experience [redacted] "reverse [redacted] effect" which will significantly dampen their demand for luxury goods.

[redacted] on [redacted] and consumption, I [redacted] growth in real *GNP in fiscal 1991 will* drop to 3.5 per cent, compared with an estimated 5.3 per cent in fiscal 1990. In other words, the outlook [redacted] porate sector, [redacted] experienced [redacted] good [redacted] years, supported by strong capital investment, will become somewhat cloudy [redacted] year, *although* [redacted] day-to-day life of the average [redacted] will remain as bright as in [redacted]

Crucially, this [redacted] assumes that the Middle East crisis [redacted] peacefully [redacted] by [redacted] conflict. It [redacted] assumes [redacted] which [redacted] now [redacted] into recession [redacted] in *eight* [redacted] will experience only [redacted] short and shallow downturn and begin [redacted] move towards [redacted] in the [redacted] If these assumptions prove incorrect and [redacted] the Gulf crisis [redacted] the [redacted] economy takes a marked turn for [redacted] worse, the [redacted] economy will suffer *and Japan will* [redacted] *faced with* [redacted] *more* difficult [redacted]

The [redacted] *is* [redacted] *Sanwa* [redacted] *Tokyo*



LOMBARD

History stops short

By Malcolm Rutherford

Readers of the Financial Times are advised not *to take GCSE in history:* they may well fail ignominiously. GCSE is the general certificate of secondary education for English and Welsh 16-year-olds.

Consider some of the questions that might be asked and the guidance [redacted] on how [redacted] them. Broad question: "Explain why different [redacted] or societies interpret and [redacted] history in different ways." [redacted] guidance: "[redacted] how [redacted] why [redacted] recent history of China has been interpreted and used differently in Hong Kong and [redacted] People's Republic of China."

Or, [redacted] delve into real history: "Recognise that [redacted] of past [redacted] may [redacted] from [redacted] is known to have happened." Guidance: "Show in *discussion* [redacted] *understanding* that Magna Carta [redacted] mistakenly remembered [redacted] a charter which [redacted] down [redacted] rights [redacted] ordinary people."

Back to the present: "Show an understanding that a source [redacted] be [redacted] depending [redacted] the questions asked." [redacted] how [redacted] US account of the building of [redacted] Berlin [redacted] provides evidence of [redacted] towards the [redacted] but [redacted] why [redacted] was built."

[redacted] daunting [redacted] 16-year-olds. It is not [redacted] that the questions are hard, though a great deal of knowledge, and intelligence, would be required properly to answer them. The objection is that they are vague, and the guidance given on how to cope with them is subjective, if not actually loaded.

How, for instance, would one define "ordinary people" in 1215, or indeed ever? What was the concept of "rights" in the 13th century? As for the Berlin wall, I see no reason whatsoever why *an* American account of why it was built should differ from the real reasons. It was put up by the East German regime to keep its people in. The guidance to the question is either ignorant or mischievous; it is especially misleading to refer so vaguely to *a* US account. Which account?

Still, one does not want to re-open old wounds. The ques[redacted] and guidance are [redacted] from the National Curriculum *Council Consultation Report** on history published over the [redacted] holiday. The council's earlier report had [redacted] much criticised by, among oth[redacted] Mrs Margaret Thatcher, when she was prime minister, and Mr John MacGregor, when he was briefly education secretary. According to the critics, it laid insufficient emphasis on facts and chronology, and too much on "the understanding of history in its setting" rather than just history.

The [redacted] report is not greatly different, but gives more weight to testing of knowledge and less to interpretation. It is likely to be accepted and we should probably call it a day, for if the bulk of 16-year-olds can deal with questions such as those outlined above, so much the better.

There are three caveats, however. The first is that a heavy premium is placed on who teaches the teachers. Pupils are not expected to rely entirely on their own research [redacted] (say) [redacted] Berlin wall; [redacted] heavily on guidance [redacted]. These could be subject to bias, to put it mildly.

The second is that in a question like that about the Magna Carta, there is a strong encouragement to judge the past by the fashions of the present. It was not entirely the fault of the medieval barons that they did not campaign for the rights of the man in the street or abortion on demand. They should [redacted] judged by [redacted] the time.

The third is that too much [redacted] placed on [redacted] 20th century. It is very important, no doubt, that pupils should know [redacted] much [redacted] possible about [redacted] past. The question is whether the last 70 years or so are history and should be treated as such in the syllabus. I think that they are current affairs and should be regarded as a separate subject. Then you can have as much argument as you like. If Mr Kenneth Clarke, the new education secretary, wants to make [redacted] minor emendation, he should order that history stops at 1918 or, at the latest, 1945.

* *National Curriculum* [redacted] *Albion Wharf, 25 Skeldergate, York.*

LETTERS

The jobless will not simply go away

From Mr Peter Ashby.

Sir, Samuel Brittan claims that unemployment will shortly "overtake the poll tax and mortgage rates as a source of government unpopularity" ("Economic Viewpoint", December 20). If only government had the same view.

What it should now do is initiate a debate about what needs to be done to help all those who will lose their jobs during the recession. In particular, ministers should ask hard questions about the role of training for the unemployed, and whether they should go in for "training for stock".

I suspect not. There can be little sense *in putting people* through training unless they have a good chance of finding employment afterwards.

However, recognising the limitations of training should not be an excuse for inaction. Rather, this should lead us to accept that there should now be a new alternative to training, in the form of temporary work *for* unemployed people. Employment ministers are reluctant to accept this, fearing it could be seen *as* an *admission* that their predecessors were wrong to close down the old community programme.

The best chance of progress lies with the new Training and Enterprise Councils (TECs), which would be well placed to develop temporary employment programmes alongside employment training. TECs should be asked *to come up* with proposals for creating a new enterprise sector outside the formal jobs market. They could identify areas of work *that* would contribute to local economic regeneration, and would not otherwise be done – such as housing schemes and environmental improvements.

The Treasury should then agree to make money available to help TECs. Unemployed people should be offered short work contracts with regular jobsearch to make sure they [redacted] not view this as time-off from looking for a job.

Much could be done, if only ministers would show [redacted] leadership. Can they begin [redacted] do so now, please, before regi[redacted] unemployment [redacted]

Peter Ashby,
Full Employment UK,
79 Prince George Road, [redacted]

A chicken-and-egg dilemma

From Mr Howard Flight.

Sir, Now the economy [redacted] *actually* in recession [redacted] have [redacted] for wage inflation [redacted] fall back to modest levels before interest rates can fall sharply and the economy can begin to recover – so the post ERM text book reads. Estimates vary as to how much *further unemployment* has to rise – or, in the old language, at what level of unemployment *will the Phillips curve activate* to reduce inflation?

The pathetic factor is surely how ineffective in resisting inflationary wage claims man*agement has remained,* in both industry and government sectors. In the much maligned City, while wages and *salaries* may have been viewed as rising too quickly during the good times, during the leaner times in many areas no increases – even reductions – have quickly [redacted] the norm.

[redacted] overdue [redacted] CBI and [redacted] first of *all* to hold out [redacted] nil pay [redacted] when [redacted] are [redacted] and more particularly for the various organs of government to do the same thing and to set an example. The idea that the going rate of inflation is an automatic norm *for pay* increases, whatever the economic climate, is a damaging foolishness which must [redacted] unlearned by industrial man*agement, government* and unions alike.

Howard Flight,
[redacted] *Flight,*
Lighterman's [redacted]
5 Gainsford Street, SE1

From Mr J.R. Walker.

Sir, It may sound like an economic fact of life that he who presses for high wage increases prices himself out of a job, but the opposite is more often the truth. It is my observation that the majority [redacted] made [redacted] have [redacted] working for companies in difficulty and have not had a decent wage increase for years. In contrast, anyone obtaining a high wage *increase is almost certainly* working for a busy and profitable firm which can afford it. The soundest economic guidance seems to be that if your employer cannot afford to pay good wages, don't gamble your prospects on [redacted] firm's survival.

The UK still [redacted] benefit [redacted] paying lower [redacted] than [redacted] competitors. In [redacted] eral [redacted] UK firm's unit [redacted] are uncompetitive, one thing it [redacted] *its* wage levels. Unit costs are the problem. I suspect that if every employee in the country volunteered to take [redacted] 10 per cent [redacted] cut, it would not, long term, [redacted] the economy. I doubt [redacted] the savings would be translated into investment in R&D, production technology, [redacted] train*ing* and *product development* any more than the tax cuts of the '80s were.

Wages and union intransigence have played their part in holding back our economic performance but they have only ever been of peripheral effect.

J.R. Walker,
46 Princes Way,
Hutton, Brentwood, Essex

Losers in the BSkyB battle

From Mr Patrick Barwise.

Sir, Sir Alan Peacock ("When the regulated 'capture' [redacted] regulators", December [redacted] surely right [redacted] that BSkyB has only limited [redacted] power: [redacted]ugh [redacted] now has [redacted] monopoly of satellite TV, BSkyB is and will long remain [redacted] small player in [redacted] for viewers and advertisers.

A [redacted] *objection* [redacted] BSkyB [redacted] that it represents [redacted] to [redacted] quite extraordinary [redacted] UK [redacted] in the [redacted] Mr Rupert Murdoch. Ironically, enthusiasts [redacted] deregulation invariably cite the [redacted] as an example to other countries. [redacted] Mr Murdoch had [redacted] a [redacted] citizen [redacted] allowed a trivial degree of [redacted] power [redacted] compared with [redacted] power he exercises *unfettered* in [redacted] UK.

[redacted] Barwise,
professor, London [redacted]
School, Sussex Place,
Regent's Park, [redacted]

Leave Sunday trading to local authorities

[redacted] *Mr P.J.* [redacted]

Sir, With respect [redacted] matter [redacted] Sunday trading, would it [redacted] much [redacted] sensible to [redacted] it [redacted] local authorities [redacted] *their* [redacted] representatives see fit? Why should this be a matter for central government? *How* can [redacted] ever reconcile the [redacted] and needs [redacted] the inhabitants and the [redacted] in, say, central London and, say, *Redruth in Cornwall?*

Parliament should abrogate all laws on Sunday trading and keep out of this vexed area. It is not a matter [redacted] national interest.

P.J. Pace O'Shea,
45 Fellows Road, NW3

The answer to late payments lies in better credit management

From Mr P.J. Martin.

Sir, Wheel clamps apart, Charles Batchelor's article ("Give credit – but only where *it's due*", December 4) on late payment provided some sensible advice on getting paid more quickly.

He implied, however, that the European Commission has been more responsive than the UK government to the problems of small companies.

All the Commission has done so far is to produce a proposal which returns [redacted] the overworked theme of providing for statutory interest on outstand*ing debts.* Under the Commission's scheme, purchasers of goods or services other than public authorities would be liable to interest on debts *after* 45 days unless the contract stated otherwise.

This, of [redacted], would be a double-edged sword. Dominant companies would *insist on the* minimum period of payment for their small customers but demand longer periods from their own suppliers.

The UK government, thank goodness, *has understood* this.

No, the answer is not statutory interest but, as Mr Batchelor suggests [redacted] better credit management.

P.J. Martin,
chairman, Institute of Credit Management,
Easton Hill,
Easton on the [redacted]
Lincolnshire PE9

FINANCIAL TIMES
Thursday January 3 1991

Communists stumble on road to reform

The Balkans will remain unstable until there [redacted] genuine change, argues Judy Dempsey

A[redacted] Hungary [redacted] Czechoslovakia edge precariously towards [redacted] economy, the countries of Romania, Bulgaria, Albania and Yugoslavia, remain plagued by instability and ethnic conflict.

In Bulgaria, tensions [redacted] ethnic Turks and Bulgarians frequently flare up. In Romania, bitter insults [redacted]tinue to be exchanged [redacted] ethnic Hungarians and Romanians. In Yugoslavia, [redacted] Serbs, [redacted] and Slo*venes* [redacted] *soured by* [redacted] suspicion and distrust. In Albania, [redacted] escape [redacted] *snowbound* *mountains* into Greece.

[redacted] they [redacted] not the only [redacted] emigrate. Intellectuals in Romania and Bulgaria fear [redacted] *brain* [redacted] *historic* [redacted]tions. The only [redacted] persuade many [redacted] young people [redacted] country would be promises [redacted] economic prosperity [redacted] political *stability*. [redacted] *the short term*, prospects for both appear [redacted].

Unlike Poland and Czechoslovakia, [redacted] the ruling communist parties in Bulgaria (and in Romania, [redacted] in a more con[redacted] way) which [redacted] instrumental in toppling [redacted] regimes from power. These "reformed" communists [redacted] *able* [redacted] *claim* [redacted] they started the move to democracy. [redacted] they [redacted] the only ones equipped [redacted]

Under the communist system in [redacted] countries, there were no *possibilities* [redacted] organised dissent. The intellectuals had been cowed into submission. The *state-run* internal security forces were ubiquitous. The Orthodox Church in Bulgaria [redacted] Romania, unlike the Catholic Church in Poland or [redacted] Lutheran Church [redacted] East Germany, provided no platform for independent activity. *Historically*, [redacted] Church has identified [redacted] the state.

Moreover, Albania, [redacted] and Bulgaria lacked any indig[redacted] working [redacted] small [redacted] provide [redacted] nucleus of an opposition. After their takeover in 1945, the communist regimes ruled [redacted] largely peasant popula[redacted] which by [redacted] conservative *and conformist*.

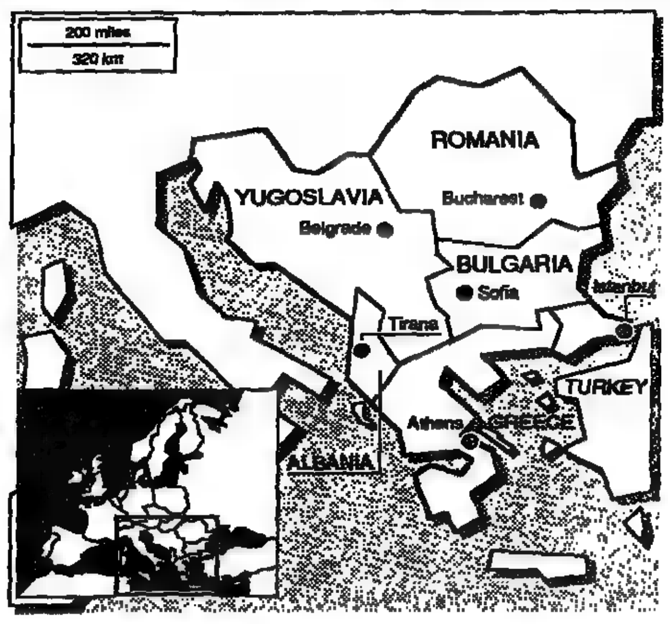
Thus, as part of Stalin's mas[redacted] modernisation [redacted] indus[redacted] was slavishly copied by the communist regimes through*out* [redacted] *Europe*, [redacted] *peas*antry in Bulgaria, Albania and Romania was uprooted from [redacted] land [redacted] industrial complexes.

[redacted] attempts [redacted] creating an [redacted] failed. The "new working class" [redacted] foot in [redacted] soil and one foot in [redacted] factory. There was thus little sense [redacted] solidarity [redacted] the [redacted] of a [redacted] grouping. Not surprising, it [redacted] this section of the [redacted]tion [redacted] the [redacted] back [redacted] power in Bulgaria and Romania. [redacted] *workers* [redacted] *change; they* [redacted] unemployment; they [redacted] upheaval. These [redacted] cleverly tapped by [redacted] Bulgarian Socialist (former communist) party and Romania's [redacted] during their election campaigns.

[redacted] in tapping [redacted] inherent [redacted] of change by the peasantry and [redacted] workers, both *governments* [redacted] *now trapped* by those slogans. They have become the victims of their [redacted] Albania's ruling (communist) Party [redacted] Labour (APL) [redacted] likely to face [redacted] dilemma.

Why? In Romania and Bul[redacted] the weak [redacted] oppositions had [redacted] time to prepare for elections. The three-week old Democratic party in Albania, which wanted the elections postponed, *faces the same prospect* of defeat in February.

But even if the APL [redacted], [redacted] will not be able to introduce reforms. [redacted] experiences [redacted] Bulgaria's [redacted] party [redacted] National [redacted] why.



Bulgaria, suffering chronic shortages of fuel, yesterday stopped petrol sales [redacted] except for ambulances, [redacted] and delivery [redacted], [redacted] reports *from* [redacted]

Bulgaria has lost cheap oil imports from [redacted] Soviet Union [redacted] supplies from Iraq. Long queues, abandoned cars and dry petrol stations have [redacted] daily sight. [redacted] month the government banned petrol sales for a week to [redacted] fuel for emergency [redacted]

[redacted] Andrei Lukanov, Bulgaria's prime *minister*, *who* [redacted] ousted from power last November, could [redacted] introduce *reforms* because the *communists*, despite attempts to change into "social democrats", *remained* entrenched in [redacted] old communist [redacted] of power. [redacted] held [redacted] reins of power, [redacted] did not introduce any purges in [redacted] administration. The status quo remained largely intact.

Even [redacted] Mr Lukanov [redacted] *wanted to make sweeping* changes in the administration, he [redacted] have the support from *the rank and* [redacted] *of the* communist party. Having [redacted] election [redacted] June, there was little [redacted] *to introduce* political reforms which [redacted] included [redacted] reform of the judiciary, [redacted] *interior ministry* and replacement [redacted] party-nominated factory managers.

It was only [redacted] spectre of [redacted] economic collapse, precipitated by the collapse of central authority, became a reality, that Mr Lukanov tried to introduce reforms. The Union of Democratic Forces, whose leader, Mr [redacted] Beron [redacted] headed [redacted] successful attempt to oust Mr Lukanov, but who himself was forced to [redacted] *because* [redacted] *once an* informer, highlight[redacted] deep moral problems facing the [redacted] the *Balkans. First*, [redacted] such thing [redacted] a reformed communist. Second, the communist system skil*fully exploited and intensified* the Balkans' traditional habits of deceit [redacted] lying.

In [redacted] *more acute sense, these* are the problems confronting the Romanian government led by Mr Petre Roman.

Mr Roman is unable [redacted] introduce reforms because he [redacted] obstructed by sections of [redacted] National Salvation Front [redacted] workers. But above all, despite his sincere intentions, the government is distrusted by *some sections of society*, particularly the young. As long as the government [redacted] *reluctant* to [redacted] the truth about what really happened during December [redacted] it will lurch from crisis [redacted] crisis.

Albania's Party of Labour will [redacted] be spared [redacted] of these problems.

President Ramiz Alia, the head of the APL, is desperate [redacted] *return* the communists to power. But then the real problems will begin. In time, the Democratic party and other independent parties will become stronger. There will be a political amnesty. The political prisoners will speak out. There will be calls for justice, purges [redacted] sackings. The temptation [redacted] settle [redacted] scores will be great.

The APL could *pre-empt* or syphon off some of [redacted] latent [redacted] by forming [redacted] coalition after the elections. The Bulgar[redacted] Socialist party [redacted] already ceded power [redacted] certain ministries [redacted] a means [redacted] reassuring [redacted] population that [redacted] serious about speeding up political reform. The APL could follow suit. But Mr Alia [redacted] running out of time. Political reform is *the* priority in the Balkans. [redacted] finally started. [redacted] *has yet to* begin. If Mr Alia hesitates to introduce major reforms before *or after* [redacted] *elections*, [redacted] of [redacted] fellow [redacted] in [redacted] Bulgaria.

Albania denies provoking exo[redacted] Page 2

Western chip makers raise market share

By Michael Skapinker in London

[redacted] semiconductor companies [redacted] gained market share from [redacted] Japanese competitors for [redacted] in more than a [redacted]

Japanese companies however retained their overall domination [redacted] the world semi*conductor market, gaining* [redacted] places in the top 10, including the top three, [redacted] *published today by Dataquest*, a high technology consultancy.

The report [redacted] companies increased [redacted] of the international market for the first time since 1979, raising their proportion of world[redacted] sales to [redacted] compared with 34.9 [redacted] cent in 1989.

European companies' worldwide [redacted] share [redacted] per cent last year compared with [redacted] in [redacted]

Japanese companies [redacted] hit by [redacted] fall in [redacted] price [redacted]ory chips, a market [redacted] they *dominate. Their* [redacted] world semiconductor [redacted] fell [redacted] per [redacted] year, [redacted] 52.1 per [redacted] in 1989.

US companies, however, [redacted] by [redacted] cent [redacted] in worldwide [redacted] microcomponents, [redacted] central control mechanisms [redacted] electronic products.

Intel [redacted] US, the world's leading vendor of microcompo*nents, became the* [redacted] *largest* semiconductor company internationally [redacted] year, compared with eighth largest in 1989.

Japanese companies saw [redacted] of the [redacted] American semiconductor market fall to 22 per cent from 24 per cent in [redacted]. The [redacted] companies' *share of* [redacted] Japanese market [redacted] 10.4 per [redacted] compared with [redacted] than *10* [redacted] in [redacted]

European companies benefited from [redacted] strength [redacted] their [redacted] to the [redacted] industry [redacted] to [redacted] of [redacted] products. The European-owned companies' share of their home [redacted] *increased to 38.2 per* cent, up 1.7 per [redacted] on the previous year.

Philips, [redacted] *troubled Dutch* electronics group, retained its place [redacted] Europe's only repre*sentative* [redacted] *the world's* top 10 semiconductor companies. Philips [redacted] year that it was ending production [redacted] some memory chips [redacted] cutting its commitment to European semiconductor research. [redacted] worldwide semi[redacted] nevertheless rose by [redacted] year, aided by strong demand from European-based manufacturers [redacted] television [redacted] and [redacted] recorders.

[redacted] of Japan [redacted] position [redacted] the world's largest semiconductor company, with [redacted] nearly [redacted] Toshiba [redacted] and Hitachi in third place.

Worldwide Semiconductor Sales in 1990

Rank		Revenue [redacted]	[redacted] Share
1	NEC	4,932	[redacted]
2	Toshiba	4,905	[redacted]
[redacted]	Hitachi	3,927	6.7%
[redacted]	Motorola	3,692	[redacted]
5	Intel	3,135	5.4%
6	*Fujitsu*	3,019	[redacted]
7	Texas [redacted]	2,574	4.4%
[redacted]	Mitsubishi	2,476	[redacted]
[redacted]	*Matsushita*	1,945	[redacted]
10	Philips	1,932	[redacted]

[redacted]

Sweeping price rises for Soviets

Gorbachev: approves [redacted]

Continued from [redacted] 1

Economists calling for [redacted] price liberalisation, [redacted] with monetary stabilisation, [redacted] government's recipe for administered price [redacted] wage compensation will result in hyperinflation.

[redacted] Komin [redacted] that [redacted] government [redacted] "at least [redacted] years [redacted] price reform, [redacted] much [redacted] difficult [redacted] carry it [redacted] today. So many problems *have* [redacted] more [redacted] them all."

[redacted] stressed that [redacted] price [redacted] would still [redacted] to [redacted] the [redacted]sent [redacted] union republics, otherwise there would simply [redacted] a price war [redacted] *different regions*.

[redacted] cited the example of [redacted] city council, which recently [redacted] *price for* empty alcohol bottles from [redacted] Rbs0.50, in [redacted] cope with [redacted] chronic [redacted] shor[redacted].

[redacted] said, was [redacted] was being inundated with empty bottles being *shipped in* from neighbouring regions by black marketeers. Now [redacted] central government [redacted] decided that, from January 15, the higher price will apply [redacted] empty [redacted] throughout [redacted] Union.

However, he promised [redacted] *one* commodity which will not [redacted] early price rise will be [redacted] itself.

Rather, [redacted] *said, production* [redacted] be [redacted] level [redacted] 1985, before Mr Gorbachev's ill-starred anti-alcohol [redacted]paign. [redacted] would [redacted] an [redacted] on [redacted] another 35 to 40 per cent.

Poos holds out lure of talks on Middle East

Continued from [redacted] 1

"We could [redacted] the balance *of forces*, [redacted] *control*, disarmament, frontier guarantees, and the Israel-Palestine conflict".

Mr Poos' [redacted] echoed comments in a new year [redacted] by Mr François Mitterrand, [redacted] French president, who *suggested* [redacted] negotia[redacted] in [redacted] Middle East.

[redacted] diplomatic [redacted] intensified, Mr Mitterrand's former spokesman, *Mr Michel* Vauzelle, chairman [redacted] parliamentary foreign [redacted] committee, yesterday flew [redacted] with [redacted] in Baghdad.

Meanwhile, King Hussein of Jordan arrived in London [redacted] first leg [redacted] European tour *to press his own role as a* [redacted] in the conflict. [redacted] King, [redacted] Mr John Major, the British prime minister, today, [redacted] yesterday [redacted] thought [redacted] was still *hope* [redacted] war could [redacted] avoided.

However, military prepara[redacted] war [redacted] yesterday as [redacted] authorised [redacted]patch [redacted] Alliance [redacted] Turkey [redacted] it against an Iraqi attack.

Upturn in UK economy unlikely in time for election, says survey

By Rachel Johnson in London

TOP ECONOMISTS [redacted] today [redacted] their [redacted] that [redacted] British *government can restore* [redacted] growth in [redacted] the [redacted] general [redacted]

The [redacted] from [redacted] survey by [redacted] Financial Times of economic forecasts for 1991-92 [redacted] by 22 leading fin[redacted] groups.

The [redacted] – [redacted] City [redacted] London institutions and [redacted] range of other forecasting organisations – say that the recession is likely to be deeper *than the government has so far* acknowledged. An upturn may not appear before the next election, which must [redacted] held by mid [redacted]

[redacted] by [redacted] Treasury [redacted] lift Britain from the [redacted] likely to [redacted] hampered by membership [redacted] the European exchange [redacted] mechanism (*ERM*). [redacted] *may reduce* [redacted] scope to cut interest [redacted] demand and lift business [redacted]

The consensus [redacted] the *survey is that total UK* output will grow [redacted] year by just 0.1 per [redacted] That would be [redacted] growth [redacted] 1982. The [redacted] predict growth [redacted] per [redacted] year.

The [redacted] believe [redacted] annual inflation [redacted] will drop to 5.4 per cent by the end of the year.

[redacted] in [redacted] survey are sceptical [redacted] the British government's han*dling of econo*[redacted] *policy saying* [redacted] the [redacted] recovery have [redacted] marred by high [redacted] rates, currently [redacted] 14 per [redacted]

[redacted] Norman Lamont, the UK *chancellor* [redacted] exchequer, has [redacted] that [redacted] easing in borrowing conditions is unlikely *while* [redacted] *pound is rel*atively [redacted] within [redacted] ERM.

[redacted] in an [redacted] with the FT earlier this [redacted] interest [redacted] decisions [redacted] be *taken* "*within the* overrid*ing framework* [redacted] ERM" and that [redacted] "obviously [redacted] a level [redacted] is consistent with [redacted] *ERM obligations*".

A key factor hindering [redacted] revival, some [redacted] the [redacted] say, is the [redacted] join [redacted] ERM around [redacted] central [redacted] DM2.95, which they believe overvalues the pound. Mr [redacted] *ruled* [redacted] a down[redacted] adjustment [redacted] the pound within [redacted] ERM.

[redacted] all the institutions in the survey believe the [redacted] will [redacted] as bad as the [redacted] one in [redacted] Cambridge Econometrics [redacted] it would be "*much less serious* [redacted] decade ago".

According [redacted] the forecasters, manufacturing output *will fall* in 1991 [redacted] than [redacted] Treasury has predicted, by 1.5 per [redacted] Fixed investment [redacted] likely [redacted] decline over the [redacted] by [redacted] *cent*.

Unemployment is likely to [redacted] by [redacted] of next [redacted] would [redacted] pressure [redacted] public sector [redacted] spending [redacted] security payments.

[redacted] result, room for [redacted] in the [redacted] budget would be *limited*. There would be [redacted] chance [redacted] public spending [redacted] in [redacted] budget to give [redacted] economy a [redacted]

FT survey of forecasts, Page 5

THE LEX COLUMN

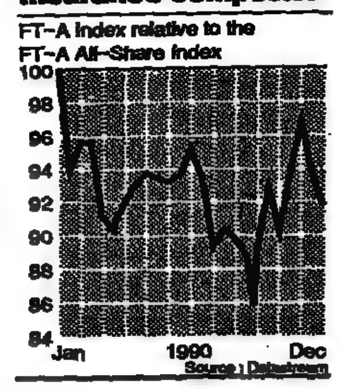
The growing pains of failure

The banks may [redacted] running scared, but it will take some astonishingly neat footwork if they [redacted] When the chairman [redacted] Barclays [redacted] that domestic bad [redacted] *account* [redacted] £2bn of write-offs by [redacted] clear[redacted] this [redacted] it [redacted] a reminder [redacted] their lending policies will play a pivotal role in [redacted]sion. The apparent 35 per cent rise in [redacted] failures last year [redacted] simply [redacted] blamed on [redacted] economic cycle. *There* [redacted] been imprudent financing [redacted] well.

[redacted] *question is what type* [redacted] caution the banks will [redacted]cise. There [redacted] increasing evi*dence* [redacted] *they* have been taking [redacted] step [redacted] issuing additional [redacted] to companies *whose* survival prospects are marginal. This gives the bank all the assets if the [redacted] concerned goes belly up. Unsecured creditors are understandably [redacted]. It is one thing for [redacted] pull the plug, quite another for them to take the bath.

[redacted] worrying too [redacted] the growth in insolvencies is [redacted] *accelerating*. [redacted] reckons company liquidations in England and [redacted] rose by *one third last* year. But [redacted] Indemnity's smaller UK sample sugge[redacted] number [redacted] *year's* [redacted] was up 80 per cent from [redacted]. Failures are increasing much [redacted] in [redacted] this may just mean [redacted] bad [redacted] is delayed. So the outlook suggests a grim 1991. Even if interest [redacted] come down soon, a pick-up [redacted] economy is usually the [redacted] for a final [redacted] failures among companies over-trading in the chase for new business.

Insurance composite



[redacted] with skill, [redacted] at surprisingly [redacted] cost. More [redacted] was [redacted] pessimism of [redacted] accompanying trading statement, *which did nothing to* help the other composites' share prices yesterday. An *unexpected bill for professional* indemnity claims, shaving £70m off 1990 shareholders' *funds*, was announced in August, but since then under*writing* [redacted] growing [redacted] an alarming rate. Indeed, [redacted] San [redacted] had [redacted] taken the Italian motor [redacted] overall [redacted] might have reached £200m, [redacted] of the [redacted] the market [redacted] expects.

It is [redacted] though [redacted] Paolo [redacted] can now do to lick [redacted] new insurance empire [redacted] shape. Presumably the bank thinks it has the [redacted] expertise in broadly [redacted] financial services, [redacted] in taking on GRE's full-year [redacted] it may have [redacted] unduly generous.

Guardian Royal

Guardian Royal Exchange's decision to sell its troublesome Italian non-life interests is unlikely to prove a turning point in its history, unless it [redacted] inadvertently [redacted] a poison pill. If the group does not receive a [redacted] bid this year, it will be because no-one in Europe can afford a £2bn cash bid, [redacted] *than because* of its high-quality management. More likely is that GRE's *Italian adventure* will be put down as a humbling [redacted]ence at the end of which it has *only* [redacted] *20 per cent stake in the* fledgling Polaris life company. The European strategy behind *the original deal may* have been sensible. The chosen vehicles were breathtakingly deficient.

To be fair, [redacted] has extracted [redacted] from the [redacted] non-life [redacted]

Pension funds

Corporate Britain's pension surpluses will not vanish over*night, simply because* [redacted] *one* bad year for investment. But their [redacted] existence cannot [redacted] taken for granted. *It is* scarcely a disaster [redacted] the average UK fund probably experienced a [redacted] investment return of about 10 per cent in 1990, in view of how *well it did through the 1980s*. Ho[redacted], the cause for concern is that all sorts [redacted] other pressures are also building up. [redacted] 1991 and 1992 look like being [redacted] in which some [redacted] receive a nasty shock [redacted] their [redacted] pension [redacted] holidays.

The average surplus is probably not as large as most outsiders think. A few cases of very [redacted] surpluses, such [redacted] Barclays or Lucas, have doubtless distorted o[redacted] perceptions. [redacted] Fraser, the actuaries, estimated last autumn that the average UK scheme's assets totalled only 122 per cent of pension liabilities: healthy, but not huge, especially given recent legal changes. The 1990 Social Security Act, which requires inflation-proofing of pensions, and the European Court's recent *ruling against sexual discrimi*nation by funds, will both cost a lot of money.

Perhaps the biggest question mark hangs over the scope companies have for using increased pension contributions to bail them out of any future problems. In the 1980s, total payrolls have shrunk, while pension funds have grown. British [redacted] £4bn-plus of pension fund assets dwarf its £1bn annual payroll. *If investment markets remain* very depressed in the next few years, and pension fund surpluses vanish, the extra contribution bill would add greatly to labour costs.

Eastern Europe

The economic plight of much of [redacted] Europe may look dire, thanks largely to the [redacted] in [redacted] price [redacted] oil. But the implications for [redacted] markets need to be kept in perspective. [redacted] last February, when [redacted] German bond [redacted] all but collapsed, [redacted] have been [redacted]ing that eastern Europe's new [redacted] for investment is one of the [redacted] powerful forces likely [redacted] keep interest rates high, and capital scarce, throughout the world. The trouble with [redacted] line of thinking is that so far the concrete evidence for any east European effect seems scanty.

One *counter-argument* is the relatively small size of the eastern European economies: even using the somewhat discredited old communist statis[redacted], the [redacted] gross *domestic product* [redacted] Bulgaria, Czechoslovakia, Hungary, and Poland only came to about [redacted] in [redacted]. The second is that real [redacted] rates were already at very high historic *levels, even before the Berlin* Wall fell. A third point is that the main world bond markets have been rallying since the [redacted]. And a small [redacted] by the Fed still far outranks [redacted] big [redacted] in Poland [redacted] it comes [redacted] consequences for [redacted] capital [redacted]kets. Lastly, if any investors have to pick up the tab for rebuilding eastern Europe, the most likely in the near future [redacted] German shareholders. Stand by for the next Volkswa[redacted] rights [redacted]

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	12	54
Algiers	S	17	63
Amsterdam	C	11	52
Athens	F	17	63
Bahrain	S	19	66
Bangkok			
Barcelona	S	13	55
Beirut		–	–
Belfast	Sl	[redacted]	37
Belgrade	C	5	41
Berlin	R	5	41
Biarritz	F	15	59
Bombay	S	22	72
Bordeaux	C	13	55
Boulogne			
Brussels	Dr	11	52
Budapest	S	5	41
Buenos Aires			
Cairo	C	20	[redacted]
Cape Town	S	26	79
Caracas			
Casablanca	F	17	63
Chicago	S	-7	19
Cologne	C	10	50
Copenhagen	R	4	39
Corfu	F	14	57
Dallas	C	5	41
Dublin	[redacted]	8	46
Dubrovnik	[redacted]	12	54
Edinburgh	F	5	41
Faro	S	[illegible]	[illegible]
Florence	[redacted]	8	46
Frankfurt	[redacted]	7	45
[redacted]	R	3	37
Gibraltar	[redacted]	16	61
Glasgow	C	5	41
Helsinki	C	-3	27
Hong Kong	S	20	68
Innsbruck	C	1	34
Inverness	R	4	39
Islamabad			
Istanbul	F	11	52
Jakarta			
Jersey	R	12	54
Johannesburg	F	25	77
Lima			
Lisbon	S	8	46
London	Dr	11	52
Los Angeles	C	11	52
Luxembourg	Dr	7	45
Madeira			
Madrid	Fg	6	41
Majorca	F	15	59
Malaga	F	14	57
Malta	S	16	61
Manchester	C	9	48
Manila			
Melbourne	S	35	95
Mexico City			
Miami	[redacted]	21	70
Milan	Fg	3	37
Montreal	Sn	0	32
Moscow	Sn	-5	23
Munich	R	3	37
Nairobi	F	25	77
Naples	[redacted]	13	55
Nassau			
New Delhi	[redacted]	54	5
New York	C	4	39
Nice	S	13	55
Nicosia			
Oporto	F	11	52
Oslo	Sl	1	34
Paris	R	11	52
Peking	S	1	34
Prague	R	[redacted]	37
Reykjavik	C	4	39
Rhodes	C	15	59
Rio de Janeiro			
Rome	S	13	55
Salzburg	C	3	37
San Francisco	S	3	37
Seoul	S	-4	25
Singapore	F	30	86
Stockholm	C	2	36
Strasbourg	C	6	43
Sydney	S	27	81
Taipei			
Tangier	F	17	63
Tel Aviv	S	18	64
Tenerife	C	20	68
Tokyo	R	9	48
Toronto	F	-1	30
Tunis	F	15	59
Valencia	S	13	55
[redacted]	F	5	41
[redacted]	F	4	39
Warsaw	S	3	37
Washington	[redacted]	-2	28
Zurich	[redacted]	2	36

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-[redacted] Sn-Snow [redacted]

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday January 3 1991

INSIDE

Deciding on Equitable moves

The decision by Equitable Life, America's third largest insurance group, to "demutualise" – turn itself from a policyholder-controlled entity into one owned by shareholders – is [illegible] radical move comparable in complexity to the TSB or Abbey National flotations. It is [illegible] a sign of the hard times that [illegible] insurance industry is passing through. Nikki Tait examines Equitable's [illegible] to [illegible] of self-inflicted wounds. Page 14

UB expands in Scandinavia

United Biscuits, Britain's leading bis[illegible] savoury [illegible] group, [illegible] extending [illegible] continental European network through the purchase of a majority shareholding in [illegible] Biscuits, Scandinavia's largest biscuits manufacturer. Oxford, [illegible] biscuits, rusks and crisp rolls, accounts for 53 per [illegible] of the Danish [illegible] by tonnage, [illegible] per [illegible] in Sweden [illegible] cent in Norway. [illegible] price was disclosed. Page 17

Independent means

Estonia must nurture [illegible] own independent [illegible] supplies if it is [illegible] full autonomy from [illegible] Soviet Union. [illegible] 42 per cent of th[illegible] republic's energy [illegible] supplied by Moscow – [illegible] though Estonia [illegible] rich in oil-shale. Enrique Tessieri in [illegible] reports on a possible venture [illegible] Estonia [illegible], [illegible] Finnish oil [illegible] group, [illegible] build [illegible] new oil storage harbour, possibly in Tallinn, which could store [illegible] 600,000-700,000 tonnes [illegible] oil. [illegible] talking with [illegible] on building an [illegible] refinery. It seems, however, that the Finns [illegible] embark on any such large projects with us," [illegible] Kaas, [illegible] Estonia's Ministry [illegible] Industry and Energy. It is thought [illegible] will announce its decision on the project early this year. Page 26

Calling books to account

Tradition has it that every Greek company [illegible] three sets of books – one for the auditor, one for the accounts department and one small black notebook for the managing director. With a growing number of corporate takeovers by both domestic and foreign investors prior to 1992, Greek accounting practices are being called into question. Kerin Hope in Athens looks at the debate over some deep-rooted customs. Page 15

Private life for Miss World

Miss World has been sold for £800,000. The beauty contest company, not the present holder [illegible] the title, is being taken private by Eric Morley, the 71-year old businessman who [illegible] it more than 40 years ago. Trans [illegible] Communications, [illegible] fully-listed local radio group with which [illegible] merged in 1988, said it had "hoped to give Miss World a facelift" but it hadn't worked out. Before the merger, Miss World had a five year career on the unlisted securities market. Page 17

Canadians make [illegible] name

Montreal [illegible] Vancouver [illegible] slowly making a name for themselves [illegible] the international financial services industry. Under federal legislation designating the [illegible] as "international banking centres" from [illegible], banks and trust companies doing business are exempt from corporate income tax on a number of specified transactions with non-residents. Bernard Simon looks [illegible] attract speciali[illegible] international business. Page 16

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				**Falls**			
Rises				Apple Comps	42½	–	½
Springer Axel	740	+	20	Abbott Labs	43⅞	–	1⅛
Falls				McDonnell Doug.	37⅝	–	1¼
Altana	475	–	20	**PARIS (FFr)**			
BHF-Bank	380	–	15	**Rises**			
Karstadt	586	–	14	Eurocom	674	+	23
Porsche	720	–	35	**Falls**			
Varta	293	–	15.5	Bouygues	414	–	35
NEW YORK ($)				CFAO	360	–	40
Rises				Locafrance	413	–	25
Gen. Dynamics	25⅝	+	⅜	Simco	533	–	47
Northrop	18⅞	+	1	Valeo	331	–	14
Toys R Us	23⅞	+	⅞				

Tokyo closed. New York prices at 12.30.

LONDON (Pence)				Egerton Tst.	6	–	5
Rises				Estates & Gen.	90	–	25
A.B. Foods	428	+	7	Gen. Accident	458	–	14
High-Point	323	+	10	Midland Bank	181	–	6
Macdnld Mart A	560	+	20	Next	13½	–	2½
Whatman Reeve	380	+	15	Ratners	158	–	17
Falls				Royal Insce.	380	–	13
Acatos Hutcson	87	–	13	Sedgwick	230	–	9
BPB Inds.	176	–	4½	Shandwick	61	–	9
Barclays	352	–	10	Smurfit (J.)	465	–	15
Bodts	366	–	12				
Dixons	131	–	9				

Bankers say Murdoch talks in final phase

By Stephen Fidler in London

LEADING bankers [illegible] Rupert Murdoch's [illegible] Corporation [illegible] they believe [illegible] will be possible to [illegible] restructuring [illegible] the company's almost [illegible] debt, perhaps by the end of [illegible] month.

But they emphasise [illegible] much [illegible] before success [illegible] assured. Failure of the [illegible] would [illegible] in [illegible] the international [illegible].

Completion of the complex legal documentation [illegible] restructuring [illegible] expected any time – when [illegible] long signing [illegible] can [illegible]. However, [illegible] terms outlined in the [illegible] will [illegible] inevitably [illegible] of the group's [illegible].

A handful [illegible] the restructuring, [illegible] others [illegible] agreement con[illegible] support [illegible] of News Corporation's banks, [illegible] insignificant.

Meanwhile, [illegible] Corporation's maturing [illegible] rolling [illegible] until [illegible] completed. As more comes due [illegible] month, [illegible] rising proportion [illegible] on [illegible] basis, increasing [illegible] risk [illegible] lender will [illegible] the [illegible].

The restructuring is proving [illegible] complicated corporate financings ever mounted. "The [illegible] thing we've seen to this in terms of sheer complexity," said one banker, "is the kind of [illegible] Bra[illegible] was arranging in the early 1980s." Mr Murdoch, presumably, would prefer that the comparison was not taken too far.

Almost $2.9bn of debt is scheduled to fall due between the end of last September and the middle of this year. Although the company's businesses are seen as sound, the group stood no chance of raising this through new loans from banks, which have become highly nervous about heavily-indebted companies.

A decision was made to try to lock in existing lenders, which are owed about $6.8bn. Most of this will be repaid in three years, although [illegible]m will be paid in one year and $400m in three instalments amounts after that.

In addition, more than 25 of the largest lenders will be asked to make a new $600m one-year loan.

To meet the repayment schedule, Mr Murdoch has undertaken to sell some assets – if he has to. Bankers see the restructuring as avoiding a "fire sale" which [illegible] value [illegible] Corp's [illegible].

The complexity [illegible] restructuring [illegible] arisen [illegible] Corporation's debt, making it [illegible] largest deals of its type. [illegible] Corp's complicated corpora[illegible] the task of sorting [illegible] much [illegible] difficult: [illegible] single borrowing [illegible] in the [illegible]. [illegible] have [illegible] arranged [illegible] company, Queensland Press, [illegible] owns News Corporation shares, [illegible] happy [illegible] having their facility of [illegible] (£200m) – [illegible] have been repaid on December 7 – lumped [illegible] others.

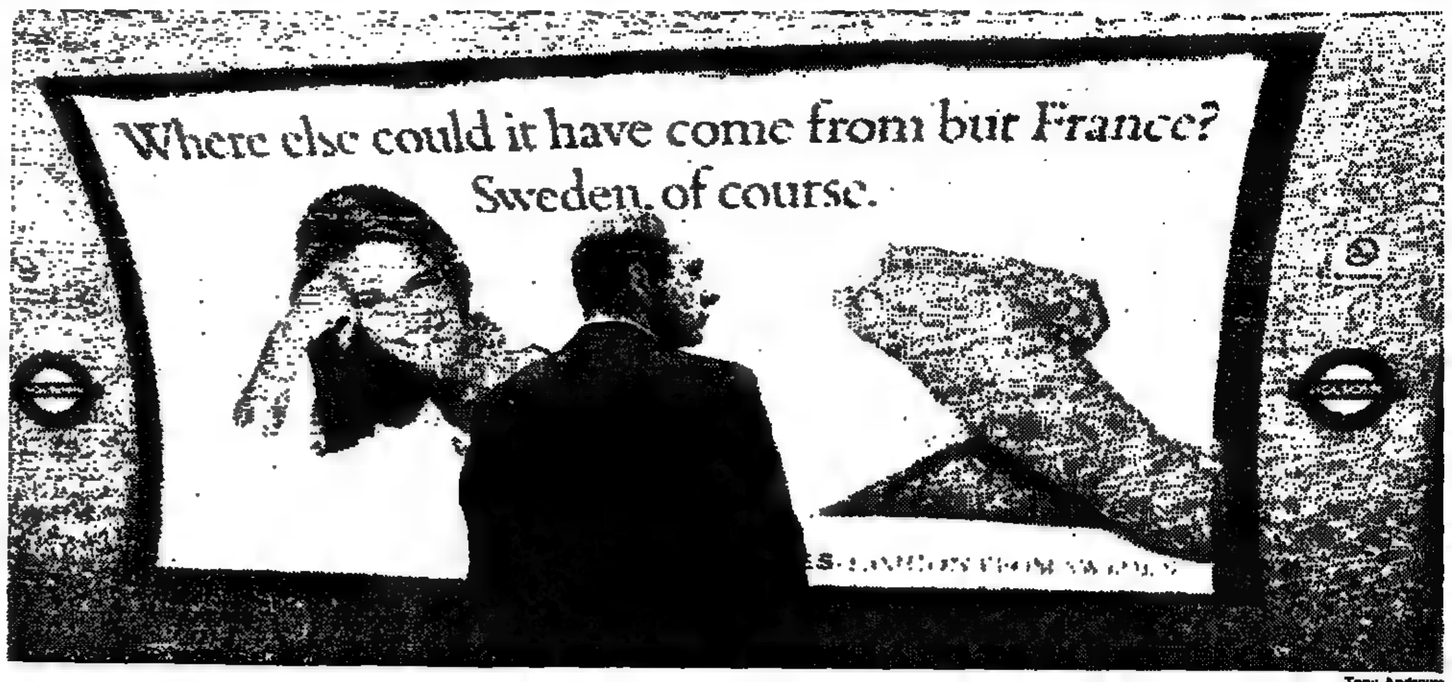
The geographical diversity of [illegible] complica[illegible]. It [illegible] in other restructurings, [illegible] will [illegible] no single regulatory authority encouraging [illegible] join [illegible] transaction. In recent restructur[illegible] for the UK furnishings and fabrics company, [illegible] Ashley, [illegible] for the leisure group, Brent Walker, [illegible] Bank [illegible] England's intervention [illegible] important [illegible] a deal.

> Ansett [illegible] Equipment, a leasing unit of Ansett Transport Industries, yesterday cancelled [illegible] $300m order for 20 aircraft from Bombadier. Full story, Page 16

[illegible] complications of [illegible] financing arrangements [illegible] News Corp [illegible] leading [illegible] to decide [illegible] three-year financing, which the [illegible] call an "override" facility, rather than [illegible] negotiate with each lending group. It lifts whatever interest margin was being paid by 1 per[illegible] point [illegible] them [illegible] one per cent [illegible] up-front fee. Mr Murdoch has [illegible] deal with [illegible] 1 per cent "success" fee to be [illegible] $5.4bn of [illegible] outstanding after three years. [illegible] agreed – [illegible] say more symbolically [illegible] as a contribution [illegible] flows – to take [illegible] in equity.

[illegible] override concept [illegible] led to [illegible] perceived injustices. [illegible] to be repaid last year or early [illegible] year will not [illegible] repaid for three years. Other banks, with loans maturing later, will [illegible] repaid earlier [illegible] scheduled.

There [illegible] a view [illegible] banks that they have been [illegible] into [illegible] unpalatable deal. [illegible] terms [illegible] generous [illegible] banks – [illegible] Corp [illegible] raising funds [illegible] ¼ point [illegible] money market rates in 1988 – bankers [illegible] they are being asked [illegible] provide finance which is almost equity. "Murdoch has [illegible] good deal," one [illegible] them [illegible] yesterday.



Tony Andrews

[illegible] space: [illegible] many advertising agencies [illegible] staff [illegible] months [illegible] general feeling [illegible] anxiety has set in

Ad men heed the writing on the wall

A troubled advertising industry is retrenching, reports Alice Rawsthorn

T[illegible] switchboard at the National Advertising Benevolent Society [illegible] jammed with [illegible] days [illegible] and [illegible] unemployed advertising executives phone [illegible] to ask for help.

Only [illegible] few months ago, Nabs told the callers [illegible] down their curriculum vitae. Nowadays, its advice [illegible] rather different. The out-of-work [illegible] executives [illegible] prepare for what may be [illegible] long period of unemployment.

The [illegible] advertising industry [illegible] just ended [illegible] ghastly year. Rarely a week [illegible] gone by in recent months without yet another agency shedding staff. D'Arcy [illegible] & Bowles and Young [illegible] Rubicam, Saatchi [illegible] Saatchi, J. Walter Thompson, Ogilvy [illegible] Mather [illegible] DDB Needham have [illegible] back. The staff at other agencies are anxiously waiting to see whether the axe falls on them too.

"Advertising [illegible] an insular industry and until recently [illegible] was 'What has recession [illegible] do with me?'." [illegible] Mr Frank Lowe, chairman of Lowe Howard-Spink. "Things are now so grim that reality [illegible] finally set in."

The reasons for [illegible] industry's problems are easy to [illegible] The pressure on corporate profits has [illegible] companies with less money to spend on advertising. At the same time, the slowdown [illegible] consumer spending [illegible] given [illegible] incentive to spend it. Advertising budgets have been cut across [illegible] board. Saatchi's forecasts suggest [illegible] market fell by 7 per cent in real terms to £6.8bn ($13bn) in 1990 and will fall by 2.5 per [illegible] this year.

The industry is also in poor financial shape. The [illegible] system of remuneration, whereby agencies [illegible] paid a standard 15 per cent commission [illegible] their clients' media expenditure, was eroded in the 1980s. The industry has entered this recession at a far lower level of profitability than in the slump [illegible] early [illegible].

Some companies [illegible] also counting the cost [illegible] ambitious expansion in the [illegible]. Saatchi and the WPP Group, [illegible] two largest advertising holding companies, are both in [illegible] critical condition. Saatchi, which [illegible] BSB:Dorland [illegible] well [illegible] its eponymous agency, is desperately trying to [illegible] its [illegible] is WPP, the holding [illegible] for JWT [illegible] Ogilvy, which is in danger of busting its banking [illegible]nants.

The instability of [illegible] WPP [illegible] cloud over [illegible] industry. Their plight has depressed the shares of other publicly quoted companies. It [illegible] also made banks far tougher in their treatment of [illegible] agencies.

So far, only a handful of agencies have actually gone out of business. But several companies have succumbed to foreign predators. Lowe sold out to Interpublic of the US this autumn because it was so frustrated by the difficulty of raising capital. [illegible] Dickenson Pearce [illegible] a sizeable minority stake to Dentsu of Japan to [illegible] financial problems.

The rest of the industry [illegible] been [illegible] cut [illegible] in a desperate [illegible] adjust to falling [illegible]nues. Mr Robert Louis-Dreyfus, Saatchi's chief executive, bought [illegible] his [illegible] – a [illegible] Peugeot 205 – [illegible] symbol [illegible] the new austere era.

Some [illegible] have [illegible] pay. [illegible] imposed pay [illegible]. Most companies did not pay [illegible] bonuses.

Almost [illegible]. No [illegible] knows exactly how many job [illegible] there [illegible] been. One head hunter estimated that 2,000 people in the 15,500-strong industry are [illegible] out of work or looking for new jobs.

"So far [illegible] our cuts [illegible] areas that do not directly [illegible] clients," [illegible] Mr Mike Walsh, chairman of Ogilvy & [illegible]. "At [illegible] like this, it [illegible] vital to [illegible] client service."

Once [illegible] agencies have cut back [illegible] far [illegible] possible – [illegible] many believe they already have – they face [illegible] painful choice between protecting profitability and cutting [illegible] deeply [illegible] they jeopardise accounts.

In the end, the agencies may have [illegible] consider [illegible] radical [illegible] for reform is remuneration. Many agencies switched from commission to [illegible] in [illegible] 1980s. However, [illegible] form of payment is still commission. This [illegible] it difficult [illegible] agencies [illegible] budget accurately.

Many agencies [illegible] already trying to introduce sliding scale systems, whereby they are paid part [illegible] and part commission. This [illegible] of [illegible] income will [illegible] guaranteed.

[illegible] agencies must [illegible] on [illegible] services [illegible] clients. Many [illegible] "extras" introduced in [illegible] market research and internal promotions, have already gone. Other services are now being scrutinised.

One of the most vulnerable areas is planning, the process of producing advertising strategies by using research. Planning was originally [illegible] by [illegible] many companies introduced specialist planning departments in [illegible].

[illegible] come [illegible] some agencies [illegible] revert [illegible] old system. [illegible] no longer assigns planners to some [illegible] accounts. Smaller agencies may do away with it altogether.

Another [illegible] for scrutiny is the media. There is already [illegible] trend for advertisers [illegible] buying from the rest of their [illegible] by delegating [illegible] the growing number of specialist buying houses.

This [illegible] if [illegible] agencies [illegible] they [illegible] no longer afford [illegible] own [illegible] departments. At the same time, [illegible] bigger agencies may band together in buying [illegible]. Saatchi has already done [illegible] by centralising the buying for all its agencies through Zenith.

Other big agencies have already formed buying [illegible] in other European countries, [illegible]bly France and Spain. So far, they [illegible] decided against doing so in the UK. The financial pres[illegible] of recession could force them [illegible] reconsider.

It remains to [illegible] seen whether the agencies will be forced to take these radical measures. "[illegible] companies will try to carry on for [illegible] long as they can, unless things [illegible] really bad," said Mr James Best, chairman [illegible] BMP. "Then they will have [illegible] tough decisions."

Rhône-Poulenc subsidiary to sell assets for FFr425m

By William Dawkins in Paris

RHONE-POULENC RORER, the pharmaceuticals subsidiary of the French state-owned chemi[illegible] yesterday announced the second in what is expected to be a series of asset sales.

The group, formed by the purchase of US drug maker Rorer last year, has sold the rights to three of its drugs for FFr425m ($85m) to Forest Laboratories, a US pharmaceuticals [illegible].

The [illegible] part [illegible] policy [illegible] ing on [illegible] it sees [illegible] products. It is also trying [illegible] reduce the $2bn debts built up to help [illegible] year's [illegible] than $3bn acquisition of a 68 per [illegible] in Rorer.

[illegible] Forest Laboratories takes full ownership of the drugs concerned, it will pay Rhône-Poulenc Rorer license fees for the rights for the [illegible] 10 years. The products, Armour Thyroid, Thyrolar [illegible] Levothroid, represented [illegible] turnover [illegible] year [illegible] in the treatment of thy[illegible] disorders. This compares with Rhône-Poulenc Rorer's esti[illegible] turnover for [illegible] which it plans [illegible] even, including the exceptional gains from [illegible]. A small profit [illegible] expected in 1991, [illegible] company said.

Yesterday's disposals follow [illegible] month's sale of five products, all injectable vitamins, for [illegible] undisclosed [illegible] to Astra, the [illegible] pharmaceuticals [illegible].

"This operation [illegible] place [illegible] part [illegible] strategic disinvest[illegible] announced by Rhône-Poulenc [illegible] which [illegible] taking place as planned," [illegible]. Other [illegible] due [illegible] officials. This leaves the group present in eight main areas, drugs for heart and lung diseases, infectious diseases and Aids, central nervous disorders, allergies, digestive illnesses, bone disease, [illegible] and blood products.

With an annual research budget of FFr2.5bn, Rhône-Poulenc Rorer is present [illegible] 150 countries.

Rhône-Poulenc's acquisition of Rorer created the world's 10th largest drugs company and forms the biggest step so far in the French parent company's attempts to diversify into the higher value added product [illegible] the top [illegible] of the [illegible].

The Rhône-Poulenc parent group earned around a quarter of [illegible] FFr73.1bn sales in 1989 from health care, a proportion which [illegible] expected to rise steadily.

AT&T steps up battle for NCR with call to unseat the board

By Karen Zagor in New York

AMERICAN Telephone [illegible] Telegraph (AT&T) has taken another step [illegible] launching a proxy battle in its $6.12bn, or $90-a-share, hostile takeover bid to acquire NCR, the fifth biggest US computer company.

The [illegible] telecommunications group yesterday wrote [illegible] NCR stockholders asking them [illegible] call [illegible] special meeting [illegible] unseat [illegible] majority of NCR's board.

A resolution asking the board [illegible] the [illegible] for stockholders [illegible] advantage of AT&T's offer would be [illegible] on [illegible] meeting.

AT&T told [illegible] "The solicitation statement seeks only your written request for [illegible] special meeting. It is [illegible] intended to solicit proxies [illegible] vote on the [illegible] would [illegible] presented [illegible] special meeting."

The move [illegible] in line with [illegible] plans [illegible] announced [illegible] mid-December, following NCR's rejec[illegible] bid as "grossly [illegible]quate". It paves the way for a potentially [illegible] takeover fight.

NCR [illegible] retained Goldman Sachs as [illegible] special [illegible] in [illegible] attempt [illegible] resist [illegible] bid. The company has [illegible] not interested in "a white knight, [illegible] a knight of [illegible] colour".

If [illegible] proposed meeting [illegible] place, [illegible] per cent of [illegible] shareholders [illegible] AT&T [illegible] solicitation [illegible] NCR's board [illegible] given [illegible] the opportunity to [illegible] whether they wanted [illegible] accept [illegible] reject [illegible] offer.

Instead, AT&T claims that the [illegible] directors amended the company's poison pill to make a hostile takeover [illegible] and [illegible] golden parachute sev[illegible] agreements [illegible] make [illegible] easier for top executives [illegible] leave [illegible] company.

AT&T [illegible] not decided [illegible] NCR directors [illegible] might [illegible]. "Nor have we determined who [illegible] nominees would be," AT&T [illegible].

[illegible] in [illegible] $89½, while [illegible] slid $½ to $30 [illegible] mid-session on the New York Stock Exchange.

[illegible] expected [illegible] the percentage of [illegible] stockholders willing to [illegible] their [illegible] on January 15, when AT&T's offer expires.

BA to recover £17m from failed venture with Sabena

By Paul Betts, Aerospace Correspondent, in London

BRITISH AIRWAYS is [redacted] the [redacted] ($32.81m) it had invested in [redacted] disbanded [redacted] World Airlines [redacted] by [redacted] end of this [redacted]

The repayment by the Belgian national carrier will be shown in BA's 1991-92 [redacted] yesterday.

BA, KLM Royal Dutch Air[redacted] and [redacted] announced on new year's [redacted] that they had [redacted] a joint venture agreed a [redacted] form [redacted] European airline called [redacted] World [redacted]

[redacted] and KLM [redacted] each for 20 per cent stakes in [redacted] subsidiary.

The plan also involved developing [redacted] airport into a large hub serving 75 European cities.

Both BA and KLM had already put up £17m each as [redacted] payments for their [redacted] the [redacted]

[redacted] agreed [redacted] reim[redacted] each airline's investment by converting the [redacted] payments into subordinated loans [redacted] the [redacted] of [redacted] year.

Although the joint venture collapsed, [redacted] confirmed it [redacted] keen [redacted] continue discussions with Sabena [redacted] possible partnership.

However, [redacted] revival of talks will depend [redacted] Sabena [redacted] completing its own internal review and reorganisation under Mr Pierre Godfroid, its new chairman.

Mr [redacted] has been [redacted] by [redacted] Belgian government [redacted] recapitalisation [redacted] reorganisation plan for [redacted] by [redacted] of this month.

[redacted] is expected [redacted]sider [redacted] number of options, including the revival [redacted] a partnership with BA but also possible alliances with other carriers. American Airlines and Trans European Airways (TEA), the Belgian independent charter airline, have recently expressed [redacted] in [redacted] with [redacted]

Industry analysts suggested yesterday there were still good [redacted] for [redacted] to negotiate a [redacted] agreement with Sabena, although any new [redacted] likely [redacted] involve [redacted] transaction with the Belgian airline's parent company rather than [redacted] subsidiary [redacted] had been [redacted] with the ill-fated [redacted] World Airlines venture.

Spalvins resigns from board of AWA

By [redacted] Brown in Sydney

MR JOHN Spalvins, chief executive of the troubled Adsteam group, yesterday resigned from the board of AWA, an electronics group in [redacted] a small [redacted] in an attempt [redacted] protect [redacted] broadcasting licence [redacted] Mr Kerry Packer's Channel Nine television network.

The resignation [redacted] further personal blow for Mr Spalvins, following a [redacted] in the [redacted] in Adelaide Steamship, the main Adsteam company, from a [redacted] high [redacted] than 50 [redacted]

However, it [redacted] unlikely to affect negotiations [redacted] Adsteam's bankers on [redacted] de[redacted] restructuring pro[redacted] intended [redacted] reschedule the group's A$7.2bn (US$5.58bn) [redacted]

Mr Spalvins resigned from the board [redacted] AWA following [redacted] warning from the Australian Broadcasting Tribunal that it might not be able [redacted] the licence for Channel Nine's Sydney station because of [redacted] breach of cross-ownership regulations by Adsteam.

The [redacted] arose [redacted] Adsteam's [redacted] per [redacted] in AWA gave it [redacted] interest [redacted] the Sydney radio station 2CH, in addition to its interest in [redacted] Nine through [redacted] per cent holding in Australian Consolidated Investments (previously Bell Resources).

However, Mr Spalvins' resignation from the [redacted] AWA may not be sufficient [redacted] the way for [redacted] renewal [redacted] the Channel Nine network's licence.

The tribunal said that [redacted] was waiting for detailed information [redacted] Adsteam.

Channel Nine, formerly controlled by Mr Alan Bond's [redacted] Corporation Holdings, is the [redacted] of Australia's three commercial television networks, and the only one not in receivership.

Mr [redacted] acquired a controlling [redacted] in the network [redacted] through his private company, [redacted]lian Consolidated Press Holdings.

However, Channel Nine [redacted] a quoted company [redacted] minority [redacted]

Telus sells stake in NovAtel

By Bernard Simon in Toronto

TELUS, [redacted] Alberta telephone company, has [redacted] interest [redacted] NovAtel Communications, [redacted] leading cellular phone maker, [redacted] government after [redacted] collapse [redacted] a [redacted] of [redacted] cent of NovAtel [redacted] Bosch, [redacted] German electrical group.

[redacted] has been [redacted] significant embarrassment [redacted] Telus [redacted] government [redacted] unexpectedly revised [redacted] of a 1990 profit [redacted] sizeable loss.

The revised projections [redacted] announced during [redacted] September's partial privatisation [redacted] Telus in [redacted] biggest public share offering.

The unexpected turnround [redacted] NovAtel, which [redacted] on a softening market and product delays, apparently per[redacted] pull [redacted] the C$110m purchase [redacted] the end [redacted] November. Several senior NovAtel [redacted] dismissed.

[redacted] will [redacted] C$159.4m (US$137.3m) [redacted] buy [redacted] NovAtel under an option granted to Telus to [redacted] buyers [redacted] Telus shares in [redacted] privatisation.

Telus's net gain will [redacted] C$20.4m. The proceeds include [redacted] C$50m premium which would have been received from [redacted] Bosch deal. The sale is expec[redacted] to close on Jan 17.

Telus [redacted] agreed [redacted] provide management [redacted] operations services [redacted] NovAtel for two years. The telephone company will [redacted] entitled [redacted] a 10 per cent share of NovAtel's [redacted] earnings plus compensation for services provided.

Ansett drops Bombardier aircraft order

By Robert Gibbens in Montreal

BOMBARDIER, the [redacted] group, has suffered a setback to its regional jet [redacted] after [redacted] Aviation [redacted] withdrew its [redacted] to buy 20 [redacted] worth [redacted] US$300m.

Ansett, a [redacted] unit [redacted] Ansett Transport Industries of Australia, said it [redacted] its right to drop the order because a financing proposal by Canada's Export Development Corporation was not satisfactory.

Ansett Transport is 50 per [redacted] by Rupert Murdoch's News Corp.

The 50-seat regional jet, in [redacted] medium-range [redacted] begins [redacted] in the US this April and deliveries are due to start [redacted] 1992. [redacted] large fuselage [redacted] is being made by Short Brothers in Belfast.

[redacted] now [redacted] at 119 aircraft including 25 firm and contracted orders from Lufthansa, British Airways, Alisarda of Italy. Air Nova, an Air [redacted] regional airline, are other leading [redacted]

Bombardier B shares fell C$⅝ in early trading yesterday to C$14¼.

[redacted] third quarter [redacted] months [redacted] lifted [redacted] by over 60 per [redacted] following [redacted] of [redacted] in France and Learjet in the US.

However, [redacted] impact of [redacted] on consumer products and financial services limited [redacted] in [redacted]

Equitable Life changes direction

Nikki Tait reports on the US insurer's plans for demutualisation

DANCERS, drinkers, trapeze artists and filmgoers cavort across the most recent annual report of Equitable Life, America's third largest insurance group. It is part of a giant mural which hangs in the institution's lobby [redacted] supposedly illustrates the "enterprising spirit of American industry" [redacted] the heyday [redacted] Twenties.

Today, the choice [redacted] ironic. [redacted] the insurer's financial health prompted the Wall Street rumour-mill [redacted] suggest last month [redacted] a Chapter 11 bankruptcy filing was on [redacted] way. [redacted] speculation [redacted] immediately and strenuously denied by Equitable, but the very [redacted] the story [redacted] ever [redacted] testimony [redacted] the [redacted] surrounding [redacted] members of [redacted] insurance fraternity.

And, [redacted] weeks later, Equitable announced [redacted] "demutualise" – turn itself from a policyholder-controlled entity into [redacted] owned by shareholders – in [redacted] to bolster its capital [redacted] This is [redacted] radical move by any [redacted] certainly comparable in complexity [redacted] Abbey National flotations in [redacted] UK. Accordingly, [redacted] questions.

First, how did one of the largest [redacted] insurers, [redacted] origins [redacted] back [redacted] a century and [redacted] half, [redacted] a point where it needs [redacted] such [redacted] dramatic step? And second, given [redacted] in which parts [redacted] insurance sector [redacted] themselves, will other mutual companies follow?

Assessing the financial health of [redacted] Equitable – [redacted] with [redacted] insurer – is [redacted] just [redacted] matter of weighing up whether tomorrow's wage bill can be paid, [redacted] met, research and development requirements funded, and so on. [redacted] more [redacted] question [redacted] estimating the delicate balance between the value of the company's assets and [redacted] and the future stream of liabilities which it will face as poli[redacted] have to be paid out.

Essentially, the mutual [redacted] seen [redacted] be suffering on three separate [redacted] First, during much of [redacted] 1980s it pursued an extremely [redacted]egy in terms of the [redacted] of [redacted] It was at [redacted] forefront [redacted] push into "guaranteed-investment [redacted]tracts," [redacted] example. These are [redacted]tially [redacted] offering fixed returns over a certain period. However, in some [redacted] – such as Equitable – [redacted] promised proved impossible [redacted] fund profitably [redacted] general level [redacted] turned [redacted]

[redacted] are reck[redacted] Equitable [redacted] $1bn during the past decade although the [redacted] has suggested that 1990 should see the end of any major losses related to this type of contract.

Unfortunately, [redacted] drain came at time when competition in the industry [redacted] the development of less profitable policies anyway. "Univer[redacted] contracts," which give holders a flexible mix of insurance and savings, are a good example, with Equitable a [redacted] promoter. Again, [redacted] drive [redacted] business created strains, both [redacted] terms of [redacted] relatively costly administration [redacted] and in [redacted] requirements at a time when [redacted] GIC problem [redacted] hurting.

The damage was writ large by 1987, when [redacted] insurer showed an overall loss of $88m. Its total capital actually shrank from $1.84bn [redacted] $1.75bn.

Unfortunately, Equitable [redacted] combining [redacted] growth ambitions with a less-than-conservative stance on the invest[redacted] front. A [redacted] in [redacted] accounting on [redacted] and Equitable's annual report [redacted] not [redacted] most transparent [redacted] documents. [redacted] no [redacted] that the [redacted] was a v[redacted] and active player in the junk bond/leveraged buy-out market of the eighties, to the [redacted] that [redacted] end-1989 investments in [redacted] area (in [redacted] general account [redacted] portfolio) were valued at [redacted]

The figure is at cost, with [redacted] indication of current value provided. But on that [redacted] assets amount to almost [redacted] per cent of the total.

Meanwhile, real [redacted] holdings – another vexatious area for [redacted] insurance industry investors [redacted] the US property [redacted] slumps – constituted [redacted] 36 per [redacted] the portfolio's value, [redacted] the industry aver[redacted] on this score [redacted] Moody's, [redacted] the [redacted] US rating agencies, to downgrade Equitable, together [redacted] Equitable Variable Life subsidiary from A1 to [redacted] last week. These were [redacted] of five down gradings in [redacted] tor [redacted] the [redacted] made [redacted] studying commercial mortgage portfolios.

Moody's stresses that it was not raising alarm bells about liquidity [redacted] solvency, and acknowledges that an insurer of Equitable's size and experience is well-placed to ride out the difficult times. Nevertheless, it suggests that the rat[redacted] adjustments "reflected an expectation of increased pressures on earnings and capital due to each firm's mortgage exposure, as well as other firm-specific credit factors."

Finally, it is worth noting that the insurer combined the [redacted] strategy in its core business operations with broader expansion. Areas tackled ranged from financial services – it acquired the Donaldson, Lufkin [redacted] brokerage [redacted] – to [redacted] acquisitions such [redacted] the "America Today" mural. This was bought [redacted] the urging of [redacted] York City mayor, Mr Ed Koch, in the same year. With the largesse came [redacted] salaries.

Equitable's problems [redacted] not suddenly emerged. For [redacted] year, there have [redacted] attempts to put the mutual's [redacted] in [redacted] order. Key executives, including former [redacted] executive, Mr John Carter, [redacted] been replaced. A programme to cut $150m from annual operating expenses (partly through [redacted] reductions) [redacted] been instigated and Mr Richard Jenrette, who came into the group via [redacted] purchase [redacted] DLJ [redacted] now [redacted] chairman, has said that this is complete.

The mutual [redacted] also pulled out of certain peripheral areas, such as a healthcare manage[redacted] joint venture which was sold to Cigna for $777m.

But [redacted]hile these moves may have helped, there is little doubt about the sorry state in which Equitable remains. Its end-1989 capital, for example, was under 5 per cent of its insurance liabilities – gener[redacted] viewed as [redacted] minimum prudent level. The first three quarters of [redacted] meanwhile, have reduced the group's sur[redacted] – [redacted] the [redacted] holders' cushion – [redacted] $91.2m. Last year, there was [redacted] slim increase of $15m.

Equitable is not particularly forthcoming about the details of the current year's loss. How[redacted] it acknowledges that a [redacted] return on investments," [redacted] the [redacted] of pruning operations, was responsible.

"It's pretty clear that they've got to do something," commented Mr Ernie Jacobs, ana[redacted] with BZW's New York [redacted] in the wake of [redacted] week's news.

No details of the demutualisation scheme – the sums this might bring in, or the timetable envisaged – are being provided at this stage. Certainly, some analysts reckon it will be a "hard sell" given the insurer's problems. And it is, perhaps, significant that Equitable has allowed itself extra leeway by indicating that a handful of "private investors" may be introduced [redacted] the interim. They would put [redacted] temporary financing, convertible into shares on demutualisation.

But assuming the plan does goes [redacted] it will certainly break new ground in [redacted] US [redacted] industry. Demutu[redacted] is a matter for individual states, and attitudes vary. But [redacted] where it is allowed, there has been relatively little take-up.

New York State, for example, has seen no life companies take this route since it changed its laws in 1988 and the most commonly quoted instance is [redacted] of UNUM, an Oregon-based insurer specialising in disability insurance and employee [redacted] which changed from mutual to shareholder-ownership [redacted] in 1986. Moreover, [redacted] complexity of the procedure, analysts [redacted] reluctant to predict much [redacted] in interest, [redacted] if Equitable's example does cause more mutuals [redacted] consider the option.

The point is made that Equitable, in the hands of Mr Jenrette, is essentially run by a Wall Street player. Accordingly, it may be particularly inclined to think in Wall Street-type solutions.

There is also the question of time. If it takes [redacted] months or so to effect a demutualisation, as Equitable suggests, this is scarcely a quick fix. "By the time some companies wake up to the problems, it could simply [redacted] too late," said one analyst gloomily.

INTERNATIONAL COMPANIES [redacted] FINANCE

Balanced argument on Greek accounts

Every Greek company, [redacted] the saying [redacted] three [redacted] of [redacted] one for the auditor, [redacted] in [redacted] accounts department and one small black notebook in [redacted]s pocket.

This tradition has come under [redacted] scrutiny in [redacted] few [redacted] successful family-owned [redacted] panies [redacted] taken over.

"The procedure for [redacted] potential buyer," [redacted] an Athens-based acquisitions specialist, "is first [redacted] decipher the balance sheet and then, if possible, to get [redacted] look at the figures in the little black book."

Auditing [redacted] local banks, insurance firms [redacted] companies listed [redacted] the [redacted] Exchange, as [redacted] corporations [redacted] Dr400m (US$2.6m) and more than 50 employees, [redacted] the exclusive prerogative of [redacted] Public Accountants, known [redacted] SOL.

This 45-year-old monopoly has periodically [redacted] challenged by [redacted] of the [redacted] international accounting firms. They claim [redacted] quasi-state organisation [redacted] members [redacted] privileged civil [redacted] and [redacted] methods fall well short of accounting standards in the rest of the EC.

"It's an anomalous situation.

Kerin Hope looks at the key role of auditors from SOL, which is being challenged by international accounting firms

SOL is a closed shop run by people who don't have [redacted] strong accounting training [redacted] operate [redacted] international standards or act as a pressure group to modernise Greek accounting," said Mr George Samothrakis of Coopers & Lybrand Greece.

Other critics of SOL's performance in auditing some 1,500 Greek companies annually, speak of a marked reluctance [redacted] year-end inventory counts [redacted] whether a company has problems in remaining a [redacted] concern.

Questions [redacted] asked [redacted] failure [redacted] pinpoint irregularities [redacted] the Bank of [redacted] a $200m [redacted] came [redacted] light in [redacted]

In fact, the auditors [redacted] SOL are not likely [redacted] be held [redacted] mistakes they might make: they are absolved [redacted] responsibility [redacted] the annual shareholders' meeting [redacted]

Most Greek corporations have only [redacted] handful of [redacted] and [redacted] listed on the stock exchange are [redacted] required [redacted] more than [redacted] per [redacted] their equity [redacted] to the public in [redacted] form [redacted] voting shares.

The international accoun[redacted] little headway in [redacted] with their complaints, but [redacted] change [redacted] growing now [redacted] Industrial[redacted] demanding full liberalisation of accounting practices.

Foreign [redacted] operating in [redacted] and [redacted] specialists [redacted] universities have expressed similar opinions, with the [redacted] that the [redacted] merce ministry [redacted] month [redacted] a committee [redacted] whether SOL's monopoly should [redacted] abolished.

"I don't consider SOL [redacted] organisation. Its members [redacted] professionals [redacted] privileges are such [redacted] they appear [redacted] employees," [redacted] Mr Athanassios Xarhas, the minister [redacted] commerce. "The government hasn't [redacted] position yet, [redacted] part from wanting [redacted] life [redacted] foreign [redacted] nies operating in [redacted]

At the SOL [redacted] senior members point [redacted] Greek legislation on accounting [redacted] already been brought [redacted] line with [redacted]

They [redacted] their independence [redacted] and [redacted] any suggestion [redacted] professional standards might [redacted] lacking as "sour grapes" on the part [redacted] international accounting firms anxious [redacted] a larger slice of [redacted] in [redacted]

"We are not accountable [redacted] body. We're profes[redacted] paid by [redacted] not salaries. There is no way we can be considered civil servants," said Mr Costas Aessiopoulos.

Audited balance [redacted] are published in [redacted] but [redacted] auditors' remarks, which can radically alter the picture presented by the company, appear only in the weekly Government Gazette.

[redacted] auditors frequently note, few of [redacted] leading companies make provisions in the balance sheet [redacted] employee termination [redacted] on long-term [redacted] doubtful debts [redacted] deferred [redacted]

PDVSA posts unchanged profits

By Joe Mann in Caracas

PETROLEOS [redacted] Venezuela (PDVSA), Venezuela's national oil company, recorded flat profits [redacted] year. It earned net profit of $2.12bn in 1990, [redacted] pared with $2.11bn the year [redacted]

[redacted] the oil [redacted] of the world's largest, lifted exports to $13.5bn, according [redacted] Mr Celestino Armas, [redacted] Minister of Energy and Mines, against $10.5bn in [redacted]

[redacted] minister did not provide a figure on [redacted] revenue for 1990, including both foreign [redacted] domestic sales.

The [redacted] government ordered PDVSA to place $850m of its 1990 revenues in [redacted] recently created "macro-economic stabilisation fund" [redacted] be [redacted] buffer against [redacted] swings in international oil [redacted]

If [redacted] for [redacted] fund, much [redacted] this figure would have [redacted] in the 1990 profits.

PDVSA [redacted] crude oil production [redacted] day (b/d) in 1990, and exports [redacted] crude and refined products averaging 1.85m b/d, according [redacted]

The [redacted] plans to invest [redacted] total of [redacted] this [redacted] in exploration, production, [redacted] ing, transportation, petrochemicals, domestic market and coal.

This is the largest amount ever invested by the Venezuelan petroleum industry during a single year, and forms part of [redacted] five-year [redacted] programme.

[redacted] main [redacted] for 1991 are crude oil production of 2.5m b/d and export revenues of [redacted] (exports volume of 1.9m b/d at around [redacted] barrel).

The company plans to keep [redacted] proved reserves of crude oil this [redacted] at [redacted] barrels, [redacted] the same as in [redacted]

FT/AIBD INTERNATIONAL [redacted] SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8.10 pm on January [redacted]

U.S. DOLLAR STRAIGHTS	[redacted]	Bid	[redacted]	Chg. day	[redacted]
ABBEY NATIONAL 8 7/8 93	150	[redacted]	101¼	+⅛	8.39
ALBERTA PROVINCE 9 3/8 95	600	[redacted]	103¼	+⅛	[redacted]
AUSTRIA 8 1/2 00	[redacted]	[redacted]	[redacted]	+⅛	[redacted]
BANK OF TOKYO 8 3/8 96	[redacted]	[redacted]	[redacted]	+⅛	[redacted]
BELGIUM 9 1/8 92	400	[redacted]	101¾	-⅛	[redacted]
BFCE 7 3/4 97	150	96¼	96½	+⅛	[redacted]
BNP 8 5/8 94	300	101¼	[redacted]	+⅛	8.22
BP CAPITAL 9 5/8 93	[redacted]	[redacted]	103¼	+⅛	8.37
CARADA 9 96	[redacted]	[redacted]	103¾	+⅛	8.22
[illegible]					

OTHER STRAIGHTS	Issued	Bid	[redacted]	Chg. day	[redacted]
COUNCIL EUROPE 7 94 LFr	600	[redacted]	94⅞		9.33
KREDIETCORP 7 93 LFr	1000	[redacted]	94⅝		10.04
WORLD BANK 8 96 LFr	1000	94	95		[redacted]
AMRO BANK 6 1/4 92 Fl	150	94⅞	95¼		[redacted]
RABOBANK 5 3/4 93 Fl	150	[redacted]	93		[redacted]
ALBERTA PROVINCE 10 92 C$	500	97⅞	98¼	+⅛	11.49
BCE INC 9 5/8 93 C$	[redacted]	95⅛	[redacted]		11.76
BELL CANADA 10 5/8 99 C$	150	95¼	[redacted]		11.50
BRITISH COLUMBIA 9 1/4 93 C$	150	95⅝	96¼		11.61
[illegible]					

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS Figures in [redacted] per [redacted]	Monday December 31 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Dec 28 Index No.	Thu Dec 27 Index No.	Mon Dec 24 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (196)	719.22	-0.2	14.79	6.64	8.25	36.40	720.76	721.48	719.27	927.39
2 Building Materials (26)	985.66	....	14.62	6.20	8.42	45.79	985.09	988.02	978.98	1142.39
3 Contracting, Construction (34)	1136.06	+0.2	16.45	7.08	7.90	59.77	1133.93	1133.25	1121.92	1551.82
4 Electricals (10)	1882.35	-0.1	14.93	7.09	8.19	99.95	1884.47	1884.58	1892.21	2664.89
5 Electronics (26)	1518.10	-1.4	10.55	5.67	12.63	72.18	1539.44	1539.64	1541.09	1930.96
6 Engineering-Aerospace (8)	398.60	-0.3	16.84	6.13	7.11	17.48	399.98	400.06	403.36	0.00
7 Engineering-General (48)	365.48	....	16.00	7.02	7.54	19.45	365.49	364.84	364.18	0.00
8 Metals and Metal Forming (8)	403.78	-0.1	22.63	8.52	5.46	26.05	404.32	404.30	403.29	478.70
9 Motors (13)	296.64	+0.2	16.82	8.11	6.93	17.66	295.99	293.93	294.24	386.31
10 Other Industrial Materials (23)	1243.92	....	13.50	6.57	8.57	63.45	1244.09	1249.32	1243.95	1738.28
21 CONSUMER GROUP (178)	1228.68	-0.2	9.97	4.24	12.47	39.15	1231.67	1233.24	1224.58	1331.80
22 Brewers and Distillers (22)	1591.87	-0.3	10.23	3.91	12.03	45.56	1597.40	1603.83	1591.91	1546.20
25 Food Manufacturing (19)	1030.91	-0.3	11.20	4.80	11.02	35.31	1034.03	1034.18	1032.12	1173.45
26 Food Retailing (16)	2283.15	-0.2	9.88	3.30	13.23	64.97	2287.95	2292.15	2281.68	2315.06
27 Health and Household (18)	2568.62	-0.1	6.95	2.95	17.03	59.28	2571.03	2576.85	2552.46	2722.96
29 Leisure (32)	1208.61	-0.7	12.29	5.53	9.87	50.68	1217.10	1222.76	1205.61	1671.48
31 Packaging & Paper (12)	523.99	-0.3	10.20	6.56	12.04	24.40	525.71	521.57	522.34	557.55
32 Publishing and Printing (13)	2972.06	+0.1	12.09	6.38	10.35	140.95	2969.45	2956.44	2959.34	3782.54
34 Stores (34)	784.81	-0.2	10.87	[redacted]	11.98	26.84	786.45	785.36	777.47	802.39
35 Textiles (12)	412.77	+0.2	14.11	[redacted]	9.10	27.62	412.07	412.00	411.36	529.97
40 OTHER GROUPS (105)	999.65	-1.4	12.74	5.78	9.50	43.33	1013.62	1015.61	1009.36	1204.08
41 Agencies (14)	954.52	+0.1	11.11	[redacted]	10.90	25.17	953.43	941.37	920.13	1564.46
42 Chemicals (23)	1035.98	-0.8	13.10	6.51	9.01	52.01	1044.54	1046.75	1045.01	1242.60
43 Conglomerates (13)	1258.48	-3.1	13.98	7.95	8.51	74.22	1299.13	1303.21	1291.13	1637.07
44 Transport (15)	1912.40	+0.4	13.61	5.37	9.04	79.19	1905.49	1902.93	1899.25	2342.98
46 Telephone Networks (3)	1141.07	-2.1	11.72	4.43	11.10	43.62	1165.21	1172.16	1164.99	1264.84
47 Water (10)	2204.34	-0.7	14.21	[redacted]	7.94	68.12	2220.60	2206.25	2188.87	0.00
48 Miscellaneous (27)	1557.84	-0.7	11.98	5.77	9.71	66.29	1568.61	1575.62	1569.52	1968.45
49 INDUSTRIAL GROUP (479)	1033.85	-0.6	11.87	5.23	10.33	40.85	1039.99	1041.48	1035.33	1205.72
51 Oil & Gas (21)	2296.62	-0.8	9.74	5.55	13.41	95.66	2316.22	2339.50	2341.88	[redacted]
59 500 SHARE INDEX (500)	1137.75	-0.6	11.54	5.28	10.70	45.34	1144.96	1148.10	1142.54	1310.62
61 FINANCIAL GROUP (102)	710.09	-0.5	-	6.75	-	35.44	713.30	715.13	712.63	866.85
62 Banks (9)	757.98	-0.4	21.24	7.64	6.16	43.40	761.24	760.61	755.73	892.48
65 Insurance (Life) (7)	1269.68	-0.6	-	6.05	-	55.82	1277.15	1280.71	1276.23	1463.80
66 Insurance (Composite) (6)	604.02	-1.6	-	7.08	-	32.08	613.71	619.31	618.77	768.11
67 Insurance (Brokers) (8)	1028.50	+1.6	7.36	6.30	17.81	48.39	1011.86	1005.07	994.74	1187.21
68 Merchant Banks (7)	355.41	-0.1	5.48	5.78	24.32	15.48	355.92	357.40	358.51	483.49
69 Property (44)	963.53	....	7.30	5.17	18.54	35.66	963.06	967.81	967.39	1233.07
70 Other Financial (21)	252.28	-0.1	10.87	7.21	11.64	14.03	252.56	253.51	253.63	340.64
71 Investment Trusts (70)	1002.09	-0.4	-	4.04	-	31.06	1006.30	1009.26	1008.16	1296.98
91 Overseas Traders (5)	1201.81	-0.2	11.88	7.69	10.02	70.90	1203.87	1206.92	1200.81	1604.27
99 ALL-SHARE INDEX (677)	1032.25	-0.6	-	5.47	-	42.52	1038.43	1041.26	1036.52	1204.[redacted]

[redacted] a result of [redacted] computer programming problem, [redacted] FT-Actuaries Equity Indices [redacted] published in yesterday's FT [redacted] incorrect names or numbers for several equity groups and sub-sectors. [redacted] for December [redacted] appears above.

هكذا من الأصل

INTERNATIONAL CAPITAL MARKETS

Cuts in prime rate help US Treasuries advance

By Karen Zagor in [redacted] York [redacted] Deborah Hargreaves in London

[redacted] Treasury bonds moved broadly higher yesterday morning with prices supported by hopes of a diplomatic solution to the Gulf [redacted]is, cuts in the prime rate by a number of leading [redacted] signs of continued economic [redacted].

At mid-session, the Treasury's bellwether 30-year bond was up ¾ [redacted] yielding 8.17 per cent, while [redacted] two-year note [redacted] higher for [redacted] yield [redacted] per cent.

The Federal Reserve arranged [redacted] customer repurchase agreements when Fed Fun[redacted] were trading [redacted] 7$\frac{5}{16}$ per cent. The [redacted] was [redacted] another [redacted] that the target [redacted] the Fed funds [redacted] 7 per cent.

Bond prices moved sharply higher on the news that the purchasing managers [redacted] per [redacted] in December, down from 41.3 per cent in November.

A large number [redacted] US banks including Citibank, Continental and Morgan Guaranty Tru[redacted] their base lending rates to 9.5 per [redacted] from 10 per cent yesterday morning in response to the [redacted] Reserve's [redacted] cut.

■ THE UK market for gilt-edged [redacted] was stronger as traders digested remarks made by Mr Norman Lamont, [redacted] UK chancellor, in inter[redacted] weekend, [redacted] dashed some hopes of an early [redacted] rates. [redacted] on [redacted] bond market [redacted] small shift in the yield [redacted] investors moved from short-[redacted] securities [redacted] longer [redacted].

This was enough [redacted] push up the price [redacted] long issue [redacted] in 2003/07 by [redacted] to offer a yield of 10.78 [redacted]. Activity in the sterling [redacted] picked [redacted] its seasonal torpor yesterday, but the [redacted] still [redacted] fully mobile.

■ THE GERMAN government [redacted] traders come [redacted] holiday. The market is [redacted] absorbing the small [redacted] issue of bonds which [redacted] December 27 [redacted] sparse demand.

Bund futures [redacted] in a narrow range yesterday with a h[redacted]h of 81.99 quite [redacted] of [redacted] market and [redacted] of 81.72. [redacted] market [redacted] and the [redacted] yield [redacted] German [redacted] remained virtually unchanged [redacted] 9.02 per [redacted].

■ THE FRENCH government is due [redacted] make [redacted] issue of [redacted] new year today when it offers FFr6bn [redacted] FFr8bn of [redacted] auction. [redacted] will offer [redacted] 10-year [redacted] carrying a [redacted] and maturing on January [redacted], which is likely [redacted] the [redacted] benchmark once [redacted]h paper has bee[redacted] sold.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	[redacted]	[redacted]	[redacted]	Week [redacted]	[redacted]
[redacted]	13.500	[redacted]	[redacted]	-2/32	11.57	11.54	11.19
	[redacted]	[redacted]	[redacted]	+9/32	10.79	10.76	10.69
	9.000	[redacted]	[redacted]	+13/32	[redacted]	[redacted]	10.38
[redacted] TREASURY *	[redacted]	[redacted]	103-12	+16/32	8.00	8.11	[redacted]
	[redacted]	[redacted]	108-11	+23/32	8.18	8.29	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	+0.101	7.02	7.13	7.37
[redacted]	6.400	[redacted]	[redacted]	+0.113	6.57	[redacted]	[redacted]
GERMANY	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	8.80
[redacted] BTAN	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
OAT	8.500	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted] *	[redacted]	03/01	[redacted]	[redacted]	10.17	[redacted]	[redacted]
NETHERLANDS	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	9.17	[redacted]
AUSTRALIA	[redacted]	[redacted]	[redacted]	+0.197	[redacted]	[redacted]	12.10
BELGIUM	[redacted]	08/00	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

London closing, [redacted] morning session
[redacted] US, UK in 32nds., [redacted]
[redacted]

One new issue starts the year

By Tracy Corrigan

A SURGE of new issues expected to start [redacted] year has yet to materialise, with only one [redacted] issue launched yesterday. But despite the pall cast over the market by the growing threat of war in the Gulf, the pace of activity is likely to pick up somewhat, [redacted] a number of [redacted] are said to [redacted] keen to [redacted] ahead with funding.

Most dealers had flat trading positions [redacted] of the Christmas break and are now ready [redacted] some new [redacted] to their books. However, traders are unlikely to build up large positions, given the potential for volatility later in the month.

The only new issue to emerge was an A$75m Eurobond for the Australian arm of French bank [redacted] Lyonnais, launched by Hambros Bank. The 13 per cent three-year bonds were targetted at retail investors, and traded inside 1½ point fees at less [redacted] bid.

Although still less than inspiring, interest rate [redacted] in the Australian dollar sector have improved enough to allow some less aggressive [redacted] floating-rate funding targets. This deal was swapped into floating-rate Australian dollars, at a level reckoned by [redacted] be [redacted] points below Australian bank bills.

INTERNATIONAL BONDS

Deutsche Bank rolls eastern [redacted] into parent

By [redacted] Campbell in Frankfurt

DEUTSCHE BANK'S [redacted] operations have, as planned, been folded into the Frankfurt-based parent with effect [redacted] 27, giv[redacted] Germany's largest bank direct representation via a net[redacted] of some 170 branches in the [redacted]).

The [redacted] would not [redacted] much it paid to the [redacted] hand (the [redacted] body administering [redacted] German privatisation) [redacted] remaining 15.3 per [redacted] of the joint [redacted] Kreditbank, the former [redacted] state [redacted] banking operation, but has [redacted] the total [redacted] DM1bn [redacted].

[redacted] the "Kreditbank" appendage – [redacted] had always appeared in extremely fine print [redacted] Deutsche began operations in the east after currency union last July – is painted out, some personnel questions remain unclear. Deutsche yesterday had no [redacted] on the position [redacted] Mr Edgar Most, head of [redacted] and, [redacted] now, [redacted] the joint venture.

Early [redacted] year, [redacted] will also fold its wholly [redacted] subsidiary Deutsche Bank Berlin into the group, as the separation [redacted] no longer [redacted] in a united Germany.

■ The joint [redacted] Gerling, the country's largest industrial insurer, [redacted] May, will begin operations during the first quarter of 1991, following approval from federal regulators.

Firmen-Lebensversicherungs-AG der Deutschen Bank will have subscribed capital of DM10m, of w[redacted] Gerling will contribute 30 [redacted] cent. It is designed to provide life poli[redacted] companies, primarily small and [redacted] offering such benefits to [redacted] employees – a fast [redacted] market, according [redacted] sche.

The [redacted] foray into life [redacted] individuals, through Deutsche Lebensversicherung, has started briskly. It has now signed up around 100,000 contracts, with a total sum insured of DM9bn.

A tale of two tax haven cities

Bernard Simon on the attractions of Montreal and Vancouver

Montreal and Vancouver [redacted] slowly starting [redacted] make [redacted] name for themselves [redacted] havens for the international financial services industry.

A growing number of foreign banks [redacted] asset management companies [redacted] registered as international financial centres (IFCs) in [redacted] cities to take advantage of tax incentives offered by Quebec [redacted] British Columbia, and [redacted] lesser extent, the [redacted] government.

In [redacted] of [redacted] biggest [redacted] of its kind, Canadian Imperial Bank of Commerce said [redacted] a "fairly substantial" [redacted] refund recently by financing a [redacted] (US$30m) lumber [redacted] with Algeria through [redacted] Vancouver IFC office.

Quebec's IFC incentives were a factor in Edinburgh-based Dunedin Fund Managers deciding [redacted] its North American head office from Albany, New York, to Montreal. Besides corporate tax benefits, Dunedin's president Mr Douglas Waggoner, who [redacted] an Ame[redacted] no Quebec [redacted] for [redacted]. His [redacted] employees' tax liability is [redacted] by [redacted] third.

A [redacted] Canadian and foreign [redacted] paid [redacted] to register [redacted] in Vancouver, while [redacted] signed up in Montreal. [redacted] include UK [redacted] banks, S.G. Warburg and Schroders.

[redacted] Labonté, president of the International Financial Cen[redacted] Organisation of Montreal, [redacted] that [redacted] exchange trading within [redacted] IFC rules now totalled about [redacted] a day in Montreal.

[redacted] early 1980s when Quebec's separatist government [redacted] looking for ways to counter the recession and the flight of capital to Toronto. British Colum[redacted] took up [redacted].

The [redacted] government agreed to designate [redacted] "international banking centres" in 1986. [redacted] the federal rules, banks and trust companies doing [redacted] there are exempted from corpo[redacted] income tax on [redacted]fied transactions with non-resi[redacted].

But [redacted] are tightly circumscribed to minimise tax leakage and to avoid offending Toronto. For instance, the federal legislation requires that 96 per cent of all deposits and loans which qualify for IFC status must be matched each day. "Very few people do any deals," said Mr Alan Vichert, assistant director of IFC Vancouver, a private-sector group.

The carrots offered by the two provincial governments are much more attractive. Tax breaks apply to [redacted] wide [redacted] of banking and [redacted] transactions with non-residents.

Furthermore, the incentives [redacted] only financial [redacted]tutions, but also portfolio managers, factoring companies and even purveyors of financial newsletters.

An amendment to the Brit[redacted] Columbia [redacted] last Septem[redacted] companies to qualify for provincial tax exemptions even if their clients are Canadian residents, provided that the portfolios under management consist of foreign securities.

The drawback is that the benefits apply only to provincial taxes. BC's corporate income tax rate is 14 per cent, about one-third of the federal rate. In Quebec, it is only 6 per cent. Only Quebec offers personal income tax holidays to employees of companies which have registered as IFCs.

IFC lobby groups in Quebec and BC are pressing for further concessions. They want Ottawa to loosen the rules on matching deposits and loans. The Montreal IFC is examining the feasibility of extending tax breaks to the reinsurance industry.

Mr Vickerd in Vancouver acknowledged that "our legislation on its own isn't good enough to attract people". But he contended that other factors, such as Canada's political stability and Vancouver's easy-going lifestyle, provided "some very nice icing on the cake."

LASMO raises loan of £175m

By Deborah Hargreaves

LASMO, the UK oil company, has raised a 13-year £175m [redacted]ating rate loan [redacted]ity from Barclays Bank. The loan [redacted] secured [redacted] of "[redacted] notes" [redacted] LASMO received when it [redacted] shares [redacted] Enterprise Oil to [redacted] Aquitaine, the French oil [redacted] chemicals group, in 1988.

The security [redacted] the [redacted] means LASMO [redacted] a lower rate of interest [redacted] it [redacted]wise would for funds. [redacted] an [redacted]rest margin of 25 [redacted] poi[redacted] over the London Interbank Offered Rate for the loan [redacted] will [redacted] repaid [redacted] full on December [redacted].

The financing [redacted] £100m [redacted] by LASMO [redacted] European Investment Ban[redacted] December and completes the company's funding requirements for developing the Piper and Saltire oil field in the North Sea.

[redacted] loan [redacted] which have a life of 15 [redacted] security for previous financing. It raised £150m two [redacted] ago [redacted] secured [redacted] LASMO [redacted] it would currently be very difficult for it to [redacted] 13-year money wi[redacted] offering the security. Secured financing [redacted] widely by companies that [redacted] it easier and cheaper to raise [redacted] by this route.

New president at Hispano Americano

By Tom Burns in Madrid

MR JOSE [redacted] Almusategui, the deputy chairman and managing director [redacted] Hispano Americano, Spain's fifth ranked bank in deposit terms, yesterday became the bank's president, succeeding his long-[redacted] associate Mr Claudio [redacted].

The hand-over had been arranged last year when Mr Boada turned 70, which is the retirement age for a president under the [redacted] board.

Mr Almusategui's [redacted] seen by market analysts [redacted] signal of continuity [redacted] Hispano Americano, a bank that [redacted] a cross-share agreement engineered by Mr Boada is [redacted] per c[redacted] bank and has a 5 per [redacted] stake in the German bank.

Mr Almusategui, 58, who has spent [redacted] greater part of his business life working as Mr Boada's heir apparent in both the private and the public sectors, joined Hispano Americano five years ago when Mr [redacted] bank chairman.

[redacted] as one of [redacted] top industrial [redacted], Mr Boada lived up to his reputation by returning the bank into profits through timely asset stripping deals.

Magna holders agree [redacted] extend maturity date

By Robert Gibbens in Toronto

MAGNA INTERNATIONAL, [redacted] independent [redacted] component maker, has won [redacted] time [redacted] negotiate a financial restructuring.

Holders of C$75m debentures [redacted] agreed [redacted] maturity date from December 3[redacted] 1990 to February 15. In return, Magna will raise the interest paid on the debentures to the same level as it pays on term debt to its banking group led by Bank of Nova Scotia.

In the first quarter ended October 31, Magna reported profit of C$2.8m or 10 cents a share on revenues of C$445m. In the previous year it had a loss of C$224m [redacted] write-downs. Debt has been [redacted] about [redacted] and capital spending to C$47m.

Magna is continuing to negotiate the restructuring with its bankers. Holders [redacted] the debentures now maturing February 15 [redacted] oth[redacted] debt [redacted] besides the [redacted] approve the plan.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS [redacted] SUB-SECTIONS — Figures in parentheses [redacted] stocks per section	Wednesday January 2 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Mon Dec 31 Index No.	Fri Dec 28 Index No.	Thu Dec 27 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (188)	715.03	-0.6	14.85	6.65	8.22	0.00	719.22	719.22	720.76	936.03
2	Building [redacted]terials (25)	975.99	-1.0	14.75	6.26	8.35	0.00	985.66	985.66	985.09	1161.14
3	Contracting, Construction (31)	1130.98	-0.4	16.27	6.96	7.98	0.00	1136.06	1136.06	1133.93	1574.40
[redacted]	Electricals (10)	1861.83	-1.1	15.09	7.17	8.11	0.00	1882.35	1882.35	1884.47	2686.60
5	Electronics (26)	1512.38	-0.4	10.59	5.69	12.59	0.00	1518.10	1518.10	1539.44	1944.04
6	Engineering-Aerospace (8)	396.88	-0.4	16.92	6.15	7.08	0.00	398.60	398.60	399.98	488.22
7	Engineering-General (47)	364.09	-0.4	16.04	7.04	7.52	0.00	365.48	365.48	365.49	489.03
8	Metals and Metal Forming (8)	400.85	-0.7	22.79	8.58	5.42	0.00	403.78	403.78	404.32	485.01
9	Motors (13)	294.18	-0.8	16.96	8.18	6.87	0.00	296.64	296.64	295.99	392.98
10	Other Industrial Materials (20)	1239.21	-0.4	13.56	6.55	8.52	0.00	1243.92	1243.92	1244.09	1745.78
21	CONSUMER GROUP (181)	1218.31	-0.8	10.07	4.28	12.33	0.00	1228.68	1228.68	1231.67	1337.82
22	Brewers and Distillers (22)	1578.67	-0.8	10.32	3.94	11.93	0.00	1591.87	1591.87	1597.40	1556.75
25	Food Manufacturing (20)	1030.91	....	11.20	4.81	11.02	0.00	1030.91	1030.91	1034.03	1174.98
26	Food Retailing (16)	2259.53	-1.[redacted]	[redacted]	[redacted]	13.09	0.00	2283.15	2283.15	2287.95	2312.81
27	Health and Household (20)	2552.79	-0.6	7.05	[redacted]	16.82	[redacted]	[redacted]	2568.62	2571.03	2738.26
29	Hotels and Leisure (22)	1204.21	-0.4	11.57	5.66	10.19	0.00	1208.61	1208.61	1217.10	1673.12
30	Media (25)	1219.04	-0.8	12.29	5.57	10.25	0.00	0.00	0.00	0.00	0.00
31	Packaging & Paper (11)	518.01	-1.1	10.25	6.63	11.98	[redacted]	523.99	523.99	525.71	562.40
34	Stores (34)	768.80	-2.0	11.10	4.75	11.73	[redacted]	784.81	784.81	786.45	811.79
35	Textiles (11)	407.46	-1.3	14.25	[redacted]	9.00	[redacted]	412.77	412.77	412.07	533.40
40	OTHER GROUPS (111)	992.11	-0.8	12.92	[redacted]	9.36	[redacted]	999.65	999.65	1013.62	1214.04
41	Business Services (12)	998.51	-0.1	[redacted]	5.39	9.49	0.00	0.00	0.00	0.00	0.00
42	Chemicals (22)	1027.58	-0.8	13.72	[redacted]	8.60	0.00	1035.98	1035.98	1044.54	1252.32
43	Conglomerates (11)	1246.86	-0.9	13.86	8.17	8.57	[redacted]	1258.48	1258.48	1299.13	1657.42
44	Transport (15)	1892.54	-1.0	13.70	5.37	9.02	[redacted]	1912.40	1912.40	1905.49	2378.87
45	Electricity (12)	1001.17	+0.2	12.32	7.03	9.80	[redacted]	0.00	0.00	0.00	0.00
46	Telephone Networks (3)	1128.40	-1.1	11.85	4.48	10.97	[redacted]	1141.07	1141.07	1165.21	1277.38
[redacted]	Water (10)	2183.91	-0.9	14.34	6.42	7.87	0.00	2204.34	2204.34	2220.60	1985.65
[redacted]	Miscellaneous (26)	1554.12	-0.2	12.28	[redacted]	9.48	0.00	1557.84	1557.84	1568.61	1971.24
49	INDUSTRIAL GROUP (480)	1025.98	-0.8	11.96	5.32	10.24	0.00	1033.85	1033.85	1039.99	[redacted]
51	Oil & Gas (20)	2309.09	+0.5	9.69	5.52	13.48	0.00	2296.62	2296.62	2316.22	[redacted]
59	500 SHARE INDEX (500)	1131.29	-0.6	11.62	5.35	10.62	0.00	1137.75	1137.75	1144.96	1319.17
61	FINANCIAL GROUP (98)	700.13	-1.4	–	6.80	–	0.00	710.09	710.09	713.30	865.68
62	Banks (9)	743.69	-1.9	21.65	7.78	6.05	0.00	757.98	757.98	761.24	894.20
65	Insurance (Life) (7)	1258.82	-0.9	–	6.10	–	0.00	1269.68	1269.68	1277.15	1461.90
66	Insurance (Composite) (6)	591.02	-2.2	–	7.24	–	0.00	604.02	604.02	613.71	763.09
67	Insurance (Brokers) (8)	1005.21	-2.3	7.53	6.44	17.40	0.00	1028.50	1028.50	1011.86	1176.65
68	Merchant Banks (7)	353.48	-0.5	5.51	5.81	24.19	0.00	355.41	355.41	355.92	484.30
69	Property (41)	960.22	-0.3	7.09	4.91	19.17	0.00	963.53	963.53	963.06	1227.61
70	Other Financial (20)	252.45	+0.1	10.81	7.16	11.68	0.00	252.28	252.28	252.56	342.26
71	Investment Trusts (69)	994.64	-0.7	–	4.08	–	0.00	1002.09	1002.09	1006.30	1301.76
99	ALL-SHARE INDEX (667)	1025.13	-0.7	–	5.52	–	0.00	1032.25	1032.25	1038.43	1210.92

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 31	Dec 28	Dec 27	Dec 24	Dec 21	Year ago
FT-SE 100 SHARE INDEX♦	2128.3	-15.2	2143.0	2122.9	2143.5	2143.5	2160.4	2167.8	2156.3	2434.1

FIXED INTEREST

	PRICE INDICES	Wed Jan 2	Day's change %	Mon Dec 31	Accrued interest	xd adj. 1990 to date
	British Government					
1	Up to 5 years (28)	118.44	-0.06	118.51	1.65	0.00
2	5-15 years (32)	126.86	+0.25	126.54	2.29	0.00
3	Over 15 years (8)	133.23	+0.42	132.68	2.00	0.00
4	Irredeemables (6)	146.21	+0.15	146.00	1.32	0.00
5	All stocks (74)	126.38	+0.16	126.18	2.06	0.00
	Index-Linked					
6	Up to 5 years (2)	156.89	....	156.88	0.74	0.00
7	Over 5 years (10)	143.85	+0.05	143.78	0.73	0.00
8	All stocks (12)	144.71	+0.04	144.65	0.73	0.00
9	Debs & Loans (64)	104.09	-0.02	104.11	2.17	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 2	Mon Dec 31	Year ago (approx.)
	British Government				
1	Low	5 years	10.03	10.10	10.21
2	Coupons	15 years	10.24	10.31	9.60
3	(0%-7¾%)	25 years	10.27	10.32	9.54
4	Medium	5 years	11.15	11.14	11.10
5	Coupons	15 years	10.62	10.68	10.04
6	(8%-10¾%)	25 years	10.43	10.48	9.70
7	High	5 years	11.25	11.24	11.25
8	Coupons	15 years	10.80	10.87	10.23
9	(11%-)	25 years	10.57	10.66	9.81
10	Irredeemables		10.46	10.48	9.66
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.19	4.18	3.83
12	Inflation rate 5%	Over 5 yrs.	4.18	4.18	3.61
13	Inflation rate 10%	Up to 5 yrs.	2.88	2.86	2.95
14	Inflation rate 10%	Over 5 yrs.	4.00	4.00	3.44
15	Debs &	5 years	12.62	12.62	13.56
16	Loans	15 years	12.38	12.38	12.50
17		25 years	12.15	12.15	11.99

♦Opening index 2142.9; 9 am 2134.7; 10 am 2125.6; 11 am 2128.1; Noon 2128.6; 1 pm 2125.5; 2 pm 2125.1; 2.30 pm 2125.2; 3 pm 2125.2; 4 10 pm 2128.1; (a) 8.32am (b) [redacted]pm † Flat yield. Highs and lows record, base da[redacted]es are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, [redacted] London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the in[redacted] used in [redacted] of these indices. These are available by subscription from FINSTAT, 071-925 2323. CORRECTED FIGURES [redacted]: BRITI[redacted] GOVERNMENT 5 TO 15 YRS. INDEX 126.54 -0.42 ACCRUED 2.26, OVER 15 YRS. INDEX 132.68 +2.21 ACCRUED 1.96.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	44	30	12
Corporations, Dominion and Foreign Bonds	4	3	14
Industrials	136	381	1,048
Financial and Properties	46	256	444
Oils	22	18	53
Plantations	1	[illegible]	7
Mines	49	[illegible]	68
Others	40	51	85
Totals	342	[illegible]	1,731

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

LONDON TRADED OPTIONS

INCREASED worries about the depth of the UK recession depressed stock options and futures, while uncertainty [redacted] the Gulf crisis kept many investors on the [redacted].

The concerns [redacted] UK's economic outlook were fuelled by remarks by Mr Norman Lamont, [redacted] chancellor, who [redacted] the government's [redacted] interest rates could not be cut as long as sterling's position [redacted] weak within the exchange rate [redacted] of the [redacted] Monetary System.

[redacted] possibility that [redacted] sion could be deeper [redacted] analysts had antic[redacted] Boots said [redacted] in [redacted] run-up to Christmas had been considerably below target. Over the coming days, [redacted]ther leading [redacted] expected to report disappointing Christmas trading.

[redacted] followed the lead of the short sterling futures [redacted], which [redacted] heavily [redacted] Mr Lamont's [redacted] are now [redacted]ticipating only a 1 point cut in rates by the end of March, compared with 1½ points last week.

But turnover in stock futures and [redacted] match the [redacted] of activity in [redacted] market. Instead, investors [redacted] discouraged by the [redacted] of the United Nations' deadline of January 15 for Iraq to withdraw from Kuwait or face military act[redacted].

Over the coming days, the recessionary fears are likely to push prices lower but that could suddenly be reversed if [redacted] for [redacted] settlement [redacted] the Gulf [redacted]. "January 15 [redacted] a big, [redacted] over the [redacted] and right now [redacted] is no rush to buy," one futures dealer added.

The [redacted] buyers [redacted] the lower levels but with the volatile political background, appeared nervous [redacted] a greater commitment. The March FT-SE contract closed at 2,163, down [redacted] points on the day.

Option		CALLS Jan	Apr	Jul	PUTS Jan	Apr	Jul
Allied Lyons	460	30	52	60	5	14	22
(*482)	500	7	29	38	25	33	42
	550	2	10	–	72	73	–
ASDA	110	10	15	19	2½	6½	8
[redacted]	120	[redacted]	[illegible]	[redacted]	[redacted]	11	14
	130	1	6	10	16	18	20
Brit. Airways	130	14	21	22	2	6	9
(*140)	140	8	15	16	6	11	15
	160	2	6	8½	22	23	27

[illegible]

TRADITIONAL OPTIONS

● First Dealings Dec. 17
● Last Dealings [illegible]
● Last Declarations March 27
● For settlement April 8

For rate indications see end of London Share Service [illegible]

Losses of up to £140m forecast after GRE talks

By Richard Lapper

GUARDIAN ROYAL Exchange, the general and life insurer, could suffer pre-tax losses of between £120m and £140m in 1990, according to analysts.

The forecasts follow Monday's announcement that GRE is to sell its Italian subsidiaries to its joint-venture partner, Istituto Bancario San Paolo di Torino.

Analysts were busily revising their earlier projections following a meeting with the company yesterday. GRE is also expected to incur a further £80m to £85m in losses marked as extraordinary items, consisting of the remaining £15m of capital investment written off in Italy and between £65m and £70m in provisions for [illegible] on professional indemnity business written before 1985.

Previously the market [illegible] been expecting losses of between [illegible] and £115m, [illegible] pared to [illegible] pre-tax profit of £148m in 1989. But these [illegible] projections included expected losses of about £60m from GRE's ill-starred Italian venture. With the Insituto Bancario now shouldering 1990 Italian underwriting losses, GRE's figures for 1990 might hav[illegible] been expected [illegible] improvement.

Instead revised [illegible] indicate [illegible] deterioration. Stripping out [illegible] company's Italian experience, pre-tax losses could be as much as twice the amount the market was anticipating a few weeks ago. According to Oliver Steel, of Kleinwort Benson, "there has been quite a shift."

GRE is making provisions [illegible] between [illegible] claims [illegible] liability business reflecting heavier clai[illegible] motor third party, and public [illegible] employers' liability business. Inflation, the increasing [illegible] court awards and previous under-reserving are partially responsible.

In addition, though, the heavier than expected losses reflect GRE's rapid expansion of its motor business during [illegible] when premium income rose by 36 per [illegible].

The revised forecasts are leading analysts to question GRE's ability [illegible] its dividend when it [illegible] results later this year. GRE [illegible] down [illegible] 179p.

See Lex

IMI spurns Birmingham Mint attempt to extract higher bid

By Michiyo Nakamoto

BIRMINGHAM MINT, the specialist engineer fighting a hostile bid from IMI, the international engineering group, yesterday appeared to be throwing in the towel, but not without a last-minute effort to extract a higher price.

It said it would recommend shareholders to accept if IMI raised its offer from 95p to 110p per share, valuing the group at £15.7m. The first deadline for IMI's final offer of 95p is tomorrow.

The shares closed yesterday unchanged at 98p.

IMI, which has already built up a 45.81 per cent stake in Birmingham Mint, yesterday rejected the target company's proposal.

Mr Nick Paul, a director of IMI, said 110p per share was unacceptably high considering that Birmingham Mint is forecasting that its profits without a £550,000 property gain will be lower in the second half than the first.

IMI had failed earlier to reach an agreed offer with the Birmingham Mint board and had "no intention of sitting down with them now and responding to their 110p offer," he added.

Mr Tony Cross, a non-executive director of Birmingham Mint, said [illegible] 110p offer would reflect the true value of the [illegible].

Yesterday's [illegible] in a flurry of [illegible] moves by Birmingham Mint to try to th[illegible] the [illegible].

Last week it announced that it had been in negotiations with [illegible] third party with a view to a recommended offer "[illegible]icantly [illegible] excess" of [illegible] offer. These talks had, however, [illegible] major shareholder agreed to sell its 15 per cent stake to IMI at 95p.

Birmingham Mint [illegible] it would recommend an offer of 110p if IMI's current [illegible] lapsed and it was satisfied that in the event of a takeover IMI would safeguard employees' rights [illegible] continuity of Birmingham Mint's b[illegible].

Under [illegible] Code IMI would [illegible] before launching [illegible] bid. But it could do so after three [illegible] if the higher offer was backed by Birmingham Mint.

Scandinavian purchase fills a gap at Utd Biscuits

By Clay Harris, Consumer Industries Editor

UNITED BISCUITS (Holdings), Britain's leading biscuits and savoury snacks group, is extending [illegible] continental European network through the purchase of a majority shareholding in Oxford Biscuits, Scandinavia's largest biscuits manufacturer.

Oxford makes biscuits, rusks and crisp rolls. It accounts for 53 per cent of the Danish biscuit market by tonnage, 8 per cent in Sweden and 5 per cent in Norway.

The deal, for which no price was disclosed, leaves Germany, Austria and Switzerland as the main gaps in UB's coverage of Europe, which it has attacked through a combination of acquisition and reciprocal distribution agreements.

The UK company expects shortly to announce the acquisition of a 75 per cent stake in Gyori Keksz, the largest biscuits manufacturer in Hungary, according to Mr Brian Chadbourne, managing director of McVitie's Group, UB's biscuit subsidiary.

The Danish deal will lead to a reallocation of UB's manufacturing capacity, Mr Chadbourne said. Cheaper biscuits will be made by high volume and low cost UK and Dutch factories and Denmark will concentrate on premium products.

Oxford will open doors for UB in the Soviet Union, which last year was the Danish company's single largest export customer with orders of more than £1m. Nearly a third of Oxford's annual sales of £27m are made outside Scandinavia.

UB is buying the 50.2 per cent stake owned by Denmark's Unibank, which helped to finance a management buy-out from RJR Nabisco in 1989. Oxford was one of the few of the US group's European biscuit businesses not to be bought by BSN of France.

Oxford's management will retain [illegible] 49.2 per cent stake.

Determined to run it the way he always had: Eric Morley with two [illegible] World winners

Morley buys back Miss World

MISS WORLD, [illegible] beauty [illegible] business, [illegible] being [illegible] private by Mr Eric Morley, [illegible] 71-year-old businessman who founded it more than 40 years ago, writes Clare Pearson.

Mr Morley and his wife Julia are paying £800,000 to buy the company back from Trans World Communications, [illegible] with [illegible] merged in [illegible] after a five-year independent [illegible] on the [illegible] Market.

The Morleys are stepping down from Trans [illegible] board, which they joined [illegible] but [illegible] a 7.5 per [illegible] in the company.

The consideration comprises [illegible] on completion [illegible] equal [illegible] payments in [illegible].

[illegible] put [illegible] up [illegible] Mr Owen Oyston, [illegible] chairman, [illegible] Mr Morley [illegible] on strategy and after a provision of £1.24m had been made in the interim accounts for expected full-year losses [illegible] Mis World.

Under [illegible] run until [illegible] 1993, Mr Morley retained full management control of the business.

Yesterday Mr Oyston said: "We had hoped to give Miss World [illegible] facelift, but Eric was [illegible]mined to run it the way he always had. [illegible] couldn't go on losing money forever."

But Mr Morley said: "As you can see from the international viewing figures, there is still enormous potential around the world for our formula."

He [illegible] that [illegible] provision was struck before European Leisure, the fast-growing nightclub [illegible] group, stepped in to [illegible]. "Taking out that and other factors, the real loss on the [illegible] 1990 contest was only about £100,000."

[illegible] Oyston said a [illegible] other parties had expressed interest in the business, but Mr Morley had persuaded him it was essential to agree a deal as soon as possible so that sponsors and a venue could be organised for a 1991 show.

Mr Oyston said Trans World continued to consider ways to reduce borrowings after interest charges doubled to £575,000 in the half year to end July. Added to the Miss World provision, this produced a pre-tax loss of £1.17m.

Lex Service sells two US offshoots in £10m deal

By David Owen

LEX SERVICE, the motor and electronic component distributor, has sold [illegible] peripheral US-based businesses for a total of more than £10m.

The group, which has been hit by the decline in new car registrations and restructuring costs related to its components activities, said that neither operation fitted with its long-term strategy.

It emphasised its commitment [illegible] its "mainline" [illegible]tronics operations which [illegible] currently profitable at an operating level." In [illegible] report, Lex claimed to be the leading electronic component distributor in Europe and the third largest in the US.

The disposed-of businesses are Richey/Impact Electronics, a specialist distributor of connectors, resistors and switches, and LCS, [illegible] group's US computer systems operation. Richey was sold for $10.5m (£5.5m) to a consortium [illegible] by Mr William Cacciatore. Just over half of the total was received on completion. Book value of [illegible] assets is $11.2m.

California-based LCS was bought for an undisclosed sum – said by Lex to approximate [illegible] book value of $9.4m – by Nasdaq-quoted Pioneer-Standard Electronics.

In the six months to last June LCS lost $1.5m before interest and tax on sales of $25m. Richey last year made a small operating profit on sales of $34m.

[illegible] shares, which [illegible] fallen from a high of 296p a year ago, rose 1p to 170p.

T&L chief paid £0.56m

MR Neil Shaw, chairman and chief executive of Tate [illegible] Lyle, the sugar refining and sweeteners group, was paid £564,000 in the year to September 30 1990, [illegible] 6.4 per cent increase from the £534,000 he received in 1988-89.

Mr Shaw's salary [illegible] up by a greater amount in Canadian dollars, in which it is denominated, but the Canadian currency fell against sterling during [illegible] year. Tate [illegible] £25,000 [illegible] Conservative Party, £200 less than in the previous year.

Holmes Protection misses debt repayment deadline

By Clare [illegible]

HOLMES PROTECTION, [illegible] financially-stretched US security company quoted in London, failed [illegible] meet [illegible] deadline yesterday for repayment of $18m (£9.3m) of its debts which total more than $60m.

The company said [illegible] in negotiations with [illegible] lenders after raising only [illegible] through the disposal [illegible] Jersey-based fire and burglar alarm business. Earlier expectations were for [illegible] and $23m.

But Mr David [illegible], joint chief executive, said: "This is not a crisis. Our lenders are happy with the direction [illegible] are taking, and are aware that the environment has worsened since the [illegible] was set early last year."

The agreement covering [illegible] Jersey operation requires Alert Centre, the purchaser, to buy other parts of the business over [illegible] next few months, assuming they meet certain criteria, for [illegible] consideration of [illegible].

[illegible] can pull out of the deal if the total purchase price fails [illegible] $17.5m.

Mr James said the shortfall from [illegible] expected purchase price arose as Alert Centre [illegible] not to buy some [illegible] circuit television and card access system accounts.

Holmes also announced yesterday that it would receive $2m following settlement of a legal dispute. [illegible] closed unchanged yesterday at 4p.

[illegible] Jersey operations being [illegible] achieved sales of $13.5m and [illegible] net profit [illegible] $600,000 in 1989.

[illegible]ber, Holmes Protec[illegible] $10m through the [illegible] some Washington busi[illegible] to ADT, the UK elec[illegible] security [illegible] vehicle [illegible] group. A clutch of businesses in Long Island forms the next target in the disposal programme.

Agreements which Holmes struck early last year with lenders, [illegible] US insurance companies, provided for payments [illegible] quarterly intervals culminating in full repayment in January 1992.

The company incurred [illegible] pre-[illegible] loss of [illegible] in the half year to end-June.

Bromsgrove pays £1.78m for engineers

By Paul Cheeseright, Midlands Correspondent

BROMSGROVE Industries, the mini-conglomerate which [illegible] pursued [illegible] policy [illegible] growth through acquisition, is making its [illegible] and third [illegible] financial year through [illegible] transactions worth [illegible] total [illegible].

It is buying [illegible] Group, a specialist in the testing and impregnation of castings and prefabrications, based in Hale[illegible] and Oldbury, [illegible] Midlands, for £1.1m from Anglo Nordic Holdings.

Bromsgrove also announced [illegible] purchase [illegible] Parkfield Chesterfield, which operates an iron castings foundry specialising in material where safety [illegible] a critical factor, from the administrators of the troubled Parkfield Group for £675,000.

The acquisitions fit into Bromsgrove's policy of concentrating expansion on specialist engineering companies [illegible] is an opportunity of high [illegible] value. Bromsgrove already trades with CXR and the operations [illegible] Parkfield Chesterfield are complementary [illegible] its [illegible] foundry [illegible] Loughborough.

In the first half of its financial year, running to March, Bromsgrove purchased BSK (Aluminium).

Stavert lifted by investment income rise

An improvement in investment income offset a loss from the trading companies [illegible] helped [illegible]vert Zigomala lift taxable profits from £29,916 to £33,567 in the half year to end-September.

Turnover of the [illegible]-based furniture and carpet wholesaler and retailer declined from £393,919 to [illegible]2,678.

Directors said the trading outlook remained difficult and an improvement in investment income over the coming year appeared unlikely.

[illegible], they expected [illegible] di[illegible] for the full [illegible] at [illegible] maintained.

Earnings emerged at [illegible] (7.519p) per ordinary [illegible] unit and at 6.697p (5.937p) per deferred stock unit.

COMPANY NEWS IN BRIEF

EFT [illegible] sold its [illegible] holding of about 81 [illegible] cent of [illegible] ordinary [illegible] Glasgow Investment Managers, plus [illegible] of zero coupon [illegible] preference capital to [illegible] for a total [illegible].

ENGLAND (J): Rights issue has been taken up in respect of 5.74m shares (47.2 per cent), representing subscriptions received to [illegible] 3.57m [illegible] and 2.18m [illegible] in underwriting commitments. Mr Andrew Sofroniou, chair[illegible] his take-up and loaned the [illegible] [illegible]107,105.

MARYLEBONE ESTATES has delayed [illegible] sale [illegible] Dorset House, London, SE1, [illegible] January [illegible] request [illegible] the purchaser, [illegible] Amsterdam. Marylebone has already received £7m [illegible] Petu – [illegible] total purchase price is [illegible] £24m. Marylebone has served notice [illegible] Petu.

SOUTHERN WATER has [illegible]pleted the acquisition of [illegible] Longley. The consideration of [illegible] is subject to adjustment depending on the results for 1990. Part of the consideration will comprise the allot[illegible] of shares in Southern [illegible] to certain vendors.

SUFFOLK ASSURED Homes [illegible] exchanged contracts [illegible] acquire its [illegible] properties, following the launch of [illegible] residential BES scheme last August. Te[illegible] have been agreed on [illegible] and the company has over £500,000 available for acquisitions. It aims to raise [illegible] to invest in [illegible] property in [illegible] Anglia.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- First National Finance, Gibbs Mew.
Final- Jupiter European Investment Trust.

FUTURE DATES

Final-
Warner Estate .... Jan. 31

New homes for Third Market companies

FOLLOWING THE abolition of the [illegible] on December 31, several companies previously [illegible] under [illegible] heading in the London Share Service have been moved to new sections.

Transferred [illegible] the Unlisted Securities [illegible] are: [illegible] Kemp (Engineering); Harry [illegible] (Hotels and Caterers); Wilton [illegible] (Industrials – Miscellaneous); [illegible] (Textiles).

Transferred to Mines – Miscellaneous [illegible] Burmin Exploration, [illegible] Gold, Dana Exploration, Kells Minerals, Navan Resources, Ovoca Gold.

[illegible] following companies, previously [illegible] on the Third [illegible]ket, will no longer appear in the London Share Service: Analysis [illegible]ldings, Andaman Resources, [illegible]utomobiles of Distinction, Barbican Holdings, Biocure Holdings, Cafe Inns, Chelsea Artisans, Chemex International, City [illegible] Storage, Edencorp Leisure, [illegible] Exploration, Far East Resources.

Fast Forward Inns, Feltrim Mining, Glencar Exploration, Hartley Baird, Image Store Holdings, Ivernia West, Moray Firth, Oxford Virology, Poddington, Sempernova, Systems Connections, UPL, Video Magic Leisure, Vista [illegible].

Shares and warrants in these companies will in future be [illegible] Special Rule 535 [illegible] the International [illegible] Exchange.

Details of trading in these stocks will be published in the Financial Times London Stock Exchange Dealings Service.

Continued on next page

Gulf [redacted] forecast to 'send metals prices plummeting'

By Kenneth Gooding, Mining Correspondent

WAR IN [redacted] Gulf, and the consequent sharp rise in the [redacted] of oil, would [redacted] western world manufacturing output almost to [redacted] halt and send metal prices plummeting, [redacted] Economist Intelligence Unit consultancy organisation in [redacted] of its World Commodity Outlook.

Production of most [redacted] would [redacted] in [redacted] falling prices but the EIU doubts whether these reductions would be "full or [redacted] enough" [redacted] prevent [redacted] of [redacted] fall in consumption [redacted] with hostilities in the Gulf being [redacted] in higher [redacted] and "significantly lower prices."

For example, the EIU [redacted] gests [redacted] if there [redacted] peaceful solution [redacted] Gulf [redacted] copper prices [redacted] will [redacted] lb compared with [redacted] cents [redacted] 1990. However, conflict [redacted] would result in copper prices [redacted] higher [redacted] cents [redacted] lb – [redacted] fall of 30 per cent on last year's average.

The EIU [redacted] tion of [redacted] steel, aluminium, zinc and nickel would be [redacted] per cent to 2.5 per cent lower [redacted] there was [redacted] Gulf [redacted] rather than [redacted] a political solution [redacted] reached. Lead and tin would be [redacted].

Aluminium's price would first be [redacted] by disruption to supplies [redacted] the Middle [redacted] which have an annual capacity of 400,000 [redacted], but [redacted] sustained crisis might cut demand, lead [redacted] potentially serious over-supply and prices falling [redacted] tonne. Without a Gulf conflict, [redacted] EIU suggests [redacted] price [redacted] aluminium for delivery in three months would [redacted] a [redacted] compared with an average [redacted] a tonne for [redacted].

The EIU [redacted] that if there [redacted] peaceful solution [redacted] the Gulf world manufacturing production (excluding communist and former communist countries) would grow by 2.1 per [redacted] in 1991. War would [redacted] manufacturing production growth [redacted] only [redacted].

The organisation has tabulated evidence from the past 25 [redacted] in such a [redacted] gest strongly that manufacturing growth [redacted] 2.1 per [redacted] not enough to generate [redacted] sumption growth [redacted] or all non-ferrous [redacted] except aluminium.

"While aluminium consumption is likely to rise if there is [redacted] growth at all in manufacturing, [redacted] a strong probability [redacted] consumption [redacted] lead and zinc will fall if manufacturing growth [redacted] below 2.5 [redacted] and a rather weaker probability that copper consumption will fall if manufacturing grows by [redacted] than 3.5 per cent," says the EIU.

[redacted] forecasts growth [redacted] about 1 [redacted] cent in aluminium [redacted] sumption in [redacted] and nil growth in copper consumption, but expects [redacted] fall in steel consumption and "modest" [redacted] for [redacted] zinc and tin.

World Commodity Outlook 1991. [redacted] Materials. [redacted] US$260 from the EIU, [redacted] Duke Street, London, W1A 1DW, England.

Indian cotton hopes dashed

By Kunal Bose in Calcutta

ADVERSE WEATHER has dashed India's hopes [redacted] record cotton crop this year, prompting the industry's ruling body [redacted] put its export drive on hold.

Predictions [redacted] the 1990-91 (September-August) harvest would [redacted] (170 [redacted] each) have been scaled [redacted] only 12.2m bales, compared with 13.35m [redacted] in 1989-90, because [redacted] unfavourable weather conditions in cotton growing areas in North and [redacted] India. Only in Maharashtra and Rajasthan [redacted] the [redacted] ahead [redacted] year's.

As [redacted] result the Indian cotton advisory board has decided not to add to the 1.24m bales already [redacted] for export. At the beginning of [redacted] season, it was [redacted] that India would [redacted] export up [redacted] 2m bales, compared [redacted] 1.5m in [redacted].

[redacted] grower's lobby [redacted] unhappy that [redacted] board [redacted] decided [redacted] to [redacted] further export quota. It [redacted] the crop can still turn out to [redacted] 13.3m [redacted]. But the decision [redacted] welcomed by [redacted] mill industry, which [redacted] seen raw [redacted] prices rise in response [redacted] the reduced crop outlook and [redacted] been campaigning strongly [redacted] exports.

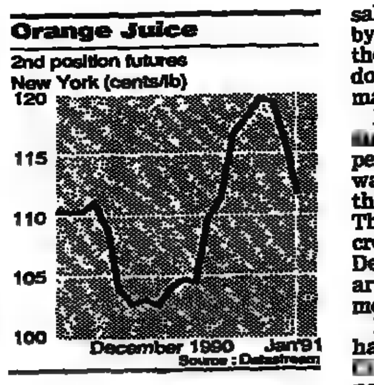
As there is no [redacted] in the country equipped to make scientific assessment of the cotton production [redacted] crop projections may be [redacted] on the basis [redacted] future pickings. [redacted] revision [redacted] the [redacted] become an regular [redacted] the Indian cotton season.

Mild spell chills orange juice futures

By Barbara Durr in Chicago

PRICES FOR frozen concentrated [redacted] juice futures fell yesterday on the [redacted] York Cotton Exchange after cold weather did not materialise in Florida [redacted] lators had wagered. [redacted] the January contract [redacted] 7.5 [redacted] dail limit and [redacted] March [redacted] dropped [redacted] in mid-morning trading.

The [redacted] was attributed mainly to pressure on speculators [redacted] liquidate positions. Many had bought futures believing prices would [redacted] up [redacted] reports of substantial crop damage in California, which [redacted] the [redacted] in 77 [redacted] over [redacted] period. [redacted] prices [redacted] $1.19 for [redacted] March [redacted] on December [redacted].



The California orange crop is, however, overwhelmingly for the fresh fruit market. And now, as producers attempt [redacted] salvage some of their oranges by processing them for juice, the California freeze [redacted] downward pressure on the market.

In Florida, the centre of pro[redacted] for juice oranges, temperatures have been unusually warm and are expected to stay that [redacted] for another week. This would bring the Florida crop through the crucial end of December-beginning of January period [redacted] are most feared.

Florida production, which had [redacted] deeply hurt by a [redacted] in 1989, is now expected to rise by 50 per cent this year. And FCOJ production is forecast to rise 95 per cent bec[redacted] of better yields, said Ms Judy Ganes, an orange juice analyst with Merrill Lynch.

Ms Ganes added that, given the low prices for FCOJ, Californian farmers might find that it was not economically beneficial to process much of their crops. Processing facilities are also limited in California. But it remains unclear as yet how much of the Californian crop will wind up as juice.

The spate of frigid weather in California is expected to bring price rises across the board for fresh produce. Losses have been severe in its other crops, such as avocados (the state accounts for 90 per cent of US production), tomatoes, lemons, artichokes, broccoli, cauliflower and celery.

Creditors step up pressure over coal mine

By Bernard Simon in Toronto

CREDITORS [redacted] the debt-burdened Quintette coal mine in north-east British Columbia are stepping up [redacted] pressure on shareholders, including 12 Japanese [redacted] producers, [redacted] their contribution towards a [redacted] North America's biggest single coking coal exporter.

The [redacted] creditors have rejected a restructuring proposal put forward by [redacted] mine. Instead, they [redacted] Vancouver court [redacted] the auditing firm Deloitte [redacted] Touche, which has [redacted] monitoring Quintette's operations since mid-1990, [redacted] up an alternative plan.

Under Quintette's plan, [redacted] lenders, [redacted] by Bank [redacted] treal and Canadian Imperial Bank of Commerce, are being [redacted] write [redacted] two-thirds [redacted] their [redacted] debt. The rail[redacted] port terminal [redacted] handle Quintette's [redacted] would [redacted] have [redacted] forgive outstanding liabilities, [redacted] transport [redacted] would [redacted] future be reduced significantly.

[redacted] of the plan [redacted] Japanese steel mills [redacted] buy Quintette's production of [redacted] year agree to [redacted] fixed price formula for the next eight years.

An official [redacted] of [redacted] creditor [redacted] felt Quintette's proposals "favour the manager and the share[redacted] than [redacted] provided 80 per [redacted] of [redacted] money [redacted] the project." Among [redacted] objections [redacted] the [redacted] proposed by [redacted] Mines, [redacted] Toronto-based [redacted] group [redacted] Quintette's manager and 50 per cent owner, [redacted] withdrawal.

The [redacted] them own 38 per [redacted] of Quintette. The largest [redacted] Mitsui Mining (12.5 per cent), Tokyo [redacted] (10.5 per [redacted] and Sumitomo [redacted] per cent). Charbonnages de France has a 12 per cent stake.

The banks are also insisting that Quintette's customers [redacted] on a pre-determined [redacted] mine [redacted] profitable operations [redacted]. The [redacted] has previously said that prevailing market prices are [redacted] to cover [redacted] operating and transport costs.

Quintette has enjoyed above-market prices since its inception in 1983. The mine's present plight is the result of an arbitration ruling last year forcing it to lower prices in the wake of demands from the steel mills. The Japanese have already given notice of another price review for the year starting in April 1991.

The British Columbian pro[redacted] government [redacted] torn [redacted] employment [redacted] investment in the north-east coalfields, and the problems of lower-cost coal [redacted] in the south-east of [redacted] province, which are also struggling for survival and which oppose further subsidies for Quintette.

Report warns that food output gains may be unsustainable

[redacted] David Blackwell

THE [redacted] of irrigation in agriculture and [redacted] in use of artificial fertilisers [redacted] helped [redacted] output growth [redacted] outstrip population growth, according [redacted] Economist Intelligence Unit.

But [redacted] can[redacted] on indefinitely. "If [redacted] are indeed on the boundary between a brief age of optimism and another [redacted] concern [redacted] best, it will be [redacted] it is no longer possible [redacted] the rates [redacted] the area of arable land, particularly irrigated [redacted], has been expanding and the use of artifi[redacted] increasing.

"[redacted] it will [redacted] be necessary [redacted] consider whether [redacted] crop yields are being achieved [redacted] the expense of ability to produce [redacted] in the future; [redacted] are living off capital in food [redacted] as we undoubtedly [redacted] in [redacted] terms," [redacted] EIU.

[redacted] world's population [redacted] by 1.76 per [redacted] a year between [redacted] and 1987, [redacted] production rose by an average 2.46 per cent a year as output per hectare rose by 2.19 per cent a year. The area of irrigated land rose by a total of 28.8 per cent – it now accounts for one third of world food output and has an average [redacted] 2.5 times above that for unirrigated [redacted].

While many millions remain undernourished, the [redacted] on the whole is getting better fed. But the latest United Nations population forecast predicts a [redacted] around 11bn at the end of next century, com[redacted] a 1984 [redacted].

[redacted] is now [redacted] greater disposition [redacted] question [redacted] the planet can sustain such a level, according [redacted] EIU. If [redacted] cannot, "and birth [redacted] not fall [redacted] than [redacted] UN projects, [redacted] rates are going to close [redacted] gap."

[redacted] short-term, however, [redacted] old problem of mismatches between supply and demand among the more affluent [redacted] tries will [redacted] dominate the soft commodity markets, with supplies of many [redacted] outrunning demand and [redacted]sing prices.

The EIU points [redacted] the absence [redacted] from the grain markets, [redacted] as those for tea and vegetable oils, has depressed the [redacted] more than [redacted].

[redacted] Commodity Outlook 1991. Food, Feedstuffs and Beverages. £135 or US$260 from the EIU, 40 Duke Street, [redacted] 1DW, [redacted].

Estonia looks to west for energy supplies

Enrique Tessieri on the Soviet republic's plans to reduce dependence on Moscow

MR [redacted] Hamburg, deputy minister of the Estonian [redacted] Industry and Energy, hopes that [redacted] break with Moscow, if it occurs, will [redacted] in [redacted] summ[redacted] tion is at its [redacted].

Attempting to find ways of deacreasing dependence on [redacted] for [redacted] supplies as [redacted] as dealing [redacted] mental concerns are some [redacted] the biggest [redacted] his ministry.

According to [redacted] Hamburg,about [redacted] cent of all [redacted] Estonia's energy needs con[redacted] be supplied by Moscow [redacted] smaller [redacted] Poland. Of this figure, roughly 23 per cent (1.8m tonnes) consists of refined oil, 16 per cent gas (300m cubic metres) and 2 per cent coal. Estonia [redacted] the remaining 1.5 per [redacted] (300,000 tonnes) of its coal from Poland.

The deputy minister [redacted] that one of [redacted] first [redacted] to [redacted] dependence [redacted] Moscow [redacted] be in the [redacted] of [redacted] supplies. [redacted] are currently under [redacted] with Neste, the Finnish [redacted] chemicals group, to build [redacted] new oil storage harbour, possibly in Tallinn, to store between 600,000-700,000 tonnes [redacted] oil.

Neste felt that [redacted] decision on the [redacted] would [redacted] ing early this year [redacted] that [redacted] joint [redacted] company could be established with [redacted] nians to build the harbour and oil [redacted] complex.

"We have [redacted] been talking with [redacted] on building an [redacted] refinery. It seems, however, [redacted] the [redacted] want to embark on any such large projects with us," explained Mr Meelis Kaas, head [redacted] the department of foreign [redacted] of the Ministry of Industry and Energy.

Estonia has abundant supplies of oil-shale with [redacted] estimated at 1.7bn tonnes. The republic's four [redacted] plants use around 20m tonnes of the material a year with 2.3m tonnes a year going to the chemical industry. [redacted] 2.2m tonnes of oil shale is imported annually from [redacted] Soviet Union.

Electricity consumption in [redacted] 17.4bn kwh (kilowatt/hours) in [redacted] which 3bn kwh were written off as losses, according to the Ministry of Industry and Energy. Electricity consumption, [redacted] grew in the 1980s between by [redacted] per cent a year, is expected [redacted] drop in 1990 to 17.28bn kwh and to 16.4 kwh in 1991.

Today, 60 [redacted] cent [redacted] all energy [redacted] consumed by industry with 20 [redacted] going to agriculture and the remaining 20 per cent to households. The ministry believes that [redacted] Estonia could implement effi[redacted] energy-saving measures, [redacted] using energy-saving light bulbs as well as thermal regu[redacted] heaters, it [redacted] slash [redacted] to [redacted] per cent of all the [redacted] consumed [redacted].

Since the [redacted] of [redacted] the Finnish press [redacted] carried sensational stories of [redacted] environmental and health hazard effects caused by oil-shale. One [redacted] story claimed that Estonian children in the town of Narva were losing their hair.

Four of Estonia's five utility plants run on oil-shale and are located in the north-eastern [redacted] district. The largest of these plants are known as the Estonian Electric [redacted] Plant ([redacted] mw) and [redacted] Thermoelectric Power Station (1,430 mw).

"We do not know exactly how much sulphur or nitrogen [redacted] released to [redacted] air from these plants because we don't [redacted] any measuring devices. But if I had to make a crude estimate, I would esti[redacted] that these two plants jointly [redacted] some 100,000 tonnes of sulphur and 300,000 [redacted] ash yearly," explained Deputy Minister Hamburg.

[redacted] agreements signed between [redacted] and Helsinki [redacted] Estonia's oil-shale-fired plants to reduce sulphur emissions by 30 per cent in 1993 and by as much as 50 per cent in 1995. Mr Hamburg as well as Mr Kaas claim that there are plans to make [redacted] R500m investment [redacted] the Baltic Thermoelectric [redacted] Station with four 210 mw blocks, as well as to invest $160m to [redacted] sulphur emissions.

"We [redacted] were [redacted] can [redacted] such an amount [redacted] money. Possibly it could come in the form of long-term credits from Finland," said Mr Kaas.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European [redacted] market 99.6 per cent, [redacted] per tonne, in warehouse, 1,630-1,670 (same).

BISMUTH: European [redacted] market, min. 99.99 per cent, [redacted] per lb, tonne lots in warehouse, [redacted] (2.75-2.90).

CADMIUM: European [redacted] market, min. 99.5 per cent, [redacted] lb, in warehouse, 2.80-3.20 (3.00-3.20).

COBALT: European [redacted] market, [redacted] cent, $ per lb, in warehouse, 14.75-15.50 (13.00-13.50).

MERCURY: European free market, min. 99.99 [redacted] cent, [redacted] per 76 lb flask, in warehouse, 155-165 (same).

MOLYBDENUM: European [redacted] market, drummed molybdic oxide, $ per lb Mo, in warehouse, [redacted] (2.55-2.65).

SELENIUM: European [redacted] market, min 99.5 per cent, [redacted] per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 [redacted]) WO_3, cif, 37[redacted] (same).

VANADIUM: European free [redacted]ket, min. 98 per cent, $ a lb V_2O_5, [redacted] (2.35-2.50).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 11.45 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

Sugar prices [redacted] falling in [redacted] London [redacted] New York yesterday. By midday New York's nearby [redacted] just [redacted] earlier contract low of [redacted] a lb. "The market [redacted] down not so much [redacted] an [redacted] of selling but [redacted] any substantial buying. Producers may [redacted] lowering [redacted] on [redacted] a fair [redacted] them [redacted] wondering if and when they'll [redacted] 10 [redacted] again," [redacted] one commission house trader. The possibility of action in the Gulf after the UN January 15 deadline could only [redacted] a [redacted] on the market, London [redacted] said. Copper prices [redacted] near [redacted] highs [redacted] LME, supported by gains on Comex. [redacted] York [redacted] midday that [redacted] market [redacted] around 118 [redacted] a lb. Aluminium [redacted] the back of [redacted] dollar. Tin prices [redacted] in [redacted] Far [redacted]. On [redacted] gold edged ahead, [redacted] silver dipped. "Underlying support [redacted] silver [redacted] at around [redacted] cents [redacted] in [redacted] thin [redacted] and with [redacted] continuing uncertainty [redacted] many operators [redacted] to [redacted] long-term move," one [redacted].

Compiled from [redacted]

London Markets

SPOT MARKETS		
Crude oil [redacted] FOB)		+ or -
Dubai	[redacted]	-[redacted]
Brent [redacted] (dated)	[redacted]	-[redacted]
Brent Blend (February)	[redacted]	-1.30
W.T.I. (1 pm est)	[redacted]	-1.21
Oil products (NWE [redacted] delivery [redacted])		+ or -
Premium [redacted]	[redacted]	-½
Gas Oil	$267-269	-18
Heavy Fuel Oil	$135-138	-4
Naphtha	[redacted]	[redacted]
Petrol[redacted] Argus [redacted]		
Other		+ or -
Gold (per troy oz)♣	[redacted]	+0.75
Silver (per troy oz)♣	[redacted]	-2.90
Platinum (per troy oz)	$410.50	-5.75
Palladium (per troy oz)	$81.50	-0.25
Aluminium [redacted] market)	[redacted]	-5
Copper [redacted]	[redacted]	+5
Lead (US Producer)	50c	
Nickel (free market)	365c	+1
Tin (Kuala Lumpur market)	[redacted]	[redacted]
Tin (New York)	[redacted]	-3
[redacted] Prime [redacted]	[redacted]	
Cattle (live weight)†	102.96p	
Sheep (dead weight)†	143.76p	
[redacted] (live [redacted])	72.46p	
[redacted] (raw)	[redacted]	-1.0
[redacted] sugar (white)	$300.02	-1.0
[redacted] and Lyle export price	£229.5	[redacted]
Barley (English feed)	[redacted]	
Maize [redacted] No. 3 [redacted]	£163.0	
[redacted] Dark [redacted])	£8[redacted]	
Rubber (Feb)♥	51.00p	[redacted]
Rubber (Mar)♥	51.25p	-0.50
[redacted] (KL RSS No 1 Jan)	240.0m	
Coconut oil (Philippines)§	Unq.	
Palm Oil (Malaysian)§	Unq.	
Copra (Philippines)§	$240x	
Soyabeans (US)	£[redacted]	-1.5
Cotton "A" index	[redacted]	-1.05
Wooltops (64s Super)	414p	

£ a tonne [redacted], p-pence/kg. [redacted] r-ringgit/kg. q-Nov/Dec. t-Feb. v-Jan. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission [redacted] prices. * change [redacted] ♥London physical [redacted] §CIF [redacted] ♣ Bullion [redacted] m-Malaysian [redacted]

SUGAR – [redacted] FOX			($ per tonne)
Raw	[redacted]	[redacted]	High/Low
[redacted]	203.20	[redacted]	[redacted]
[redacted]	206.00	212.00	[redacted]
[redacted]	[redacted]	216.20	[redacted] 213.40
Oct	212.00	[redacted]	[redacted] 212.00
White	[redacted]	[redacted]	High/Low
Mar	294.2	297.9	296.0 292.5
May	294.0	297.0	297.0 291.5
[redacted]	[redacted]	304.1	304.5 298.5
[redacted]	280.5	[redacted]	284.5 [redacted]
Dec	276.0	2[redacted]	275.0
Mar	277.5	2[redacted]	281.5
[redacted]	[redacted]	[redacted]	283.5 283.5

Turnover: [redacted] 2662 (371) [redacted] 50 [redacted]
White [redacted] (133)
Paris- [redacted] (FFr per tonne): Mar 1492, May 1496, Aug 1542, Oct 1443.

CRUDE OIL – IPE			[redacted]
	[redacted]	[redacted]	High/Low
Feb	26.35	[redacted]	28.10 26.35
Mar	25.50	[redacted]	27.10 25.50
Apr	25.15	[redacted]	26.00 25.15
May	24.65	[redacted]	[redacted]
Jul	23.00	[redacted]	[redacted].05 [redacted]
IPE Index	[redacted]	[redacted]	27.80 [redacted]

Turnover 12493 [redacted]

GAS OIL – IPE			[redacted]
	[redacted]	[redacted]	High/Low
Jan	258.50	[redacted]	273.00 258.25
Feb	246.50	259.50	[redacted] 246.25
[redacted]	233.50	246.00	[redacted]
[redacted]	223.00	[redacted]	223.00 [redacted]
[redacted]	[redacted]	[redacted]	
Jun	[redacted]	[redacted]	[redacted] 212.00
Jul	[redacted]	[redacted]	217.00 211.00

Turnover 5371 (4310) lots of 100 tonnes

WOOL

There is no auction test of wool values till next week, and much of the industry and trade has been more or less shut down for a Christmas break, in the UK extended by the addition of some annual holiday entitlement. The improvement in demand for wool and semi-manufactures before Christmas was taken as a matter of re-filling partially a pipeline which has never been emptier. Beyond that prospects of steadier demand are fair, but prospects of a continuing price rise are considered very remote. Wool is in huge world surplus and Soviet buying has yet to be renewed.

COCOA – [redacted]			£/tonne
	Close	Previous	High/Low
Mar	648	651	652 641
May	680	686	686 677
Jul	708	711	713 [redacted]
[redacted]	[redacted]	741	745 736
[redacted]	[redacted]	770	776 769
[redacted]	[redacted]	797	[redacted]
[redacted]	821	820	820 815

Turnover: 3797 (5015) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). [redacted] for [redacted] 28 [redacted] average [redacted] 21 [redacted] (895.33)

COFFEE – London FOX			[redacted]
	[redacted]	[redacted]	High/Low
Jan	610	610	613 [redacted]
Mar	568	577	577 566
May	575	581	584 574
Jul	[redacted]	597	[redacted]
Sep	[redacted]	[redacted]	610 605
Nov	622	[redacted]	625 620
Jan	635	637	644

Turnover: 2073 (811) lots of 5 tonnes
ICO indicator prices ([redacted] cents per pound) for Dec 28: Comp. daily 70.28 (69.79). 15 day [redacted] 72.94 (73.14)

POTATOES – BFE			[redacted]
	Close	[redacted]	High/Low
Apr	131.5	134.9	133.0 130.5
May	151.5	155.0	152.1 150.0

[redacted] 40 [redacted]

SOYAMEAL – HI-PRO			[redacted]
	Close	Previous	High/Low
Aug	117.50	117.50	117.50

Turnover 25 (40) lots of 20 tonnes.

FREIGHT FUTURES – [redacted]			[redacted]
	[redacted]	[redacted]	High/Low
[redacted]	[redacted]	[redacted]	[redacted]1450
Feb	1410	1415	1415
BFI	1447	1446	1447

Turnover 15 (26)

GRAINS – BFE			£/tonne
[redacted]	[redacted]	[redacted]	High/Low
[redacted]	120.35	119.80	[redacted]35 [redacted]
[redacted]	[redacted]	123.15	123.55 [redacted]
May	127.00	[redacted]	127.00 126.85
Jun	128.50	128.20	128.40
Barley	Close	Previous	High/Low
Jan	[redacted]	114.50	114.50
[redacted]	119.75	119.75	[redacted]

Turnover: Wheat [redacted] ([redacted]), Barley [redacted] (6).
Turnover [redacted] 100 tonnes.

[redacted] – BFE			(Cash Settlement) p/kg
	[redacted]	Previous	High/Low
[redacted]	[redacted]	[redacted]	92.0
[redacted]	[redacted]	[redacted]	94.0
May	98.0	[redacted]	98.0

Turnover [redacted] (0) [redacted] 3,250 kg

LONDON METAL EXCHANGE				(Prices [redacted] Metal [redacted])		
	Close	Previous	High/Low	[redacted]	[redacted]	[redacted]
Aluminium, 99.7% purity ($ per [redacted])					Total daily [redacted]	
[redacted]	[redacted]	[redacted]	1834	[redacted]		
[redacted]	[redacted]	1562-3	1579/1558	[redacted]	1577-8	[redacted] lots
[redacted] A (£ per tonne)					Total daily [redacted]	
Cash	[redacted]	1328-30	[redacted]	[redacted]		
3 [redacted]	[redacted]	1337-8	[redacted]	[redacted]	1366-8	[redacted] lots
Lead (£ per tonne)					Total [redacted]	
Cash	322-3	[redacted]	318/316.5	[redacted]		
3 [redacted]	[redacted]	333-4	334/330	330-1	332-3	[redacted]
[redacted] ($ [redacted])					Total daily turnover 820 [redacted]	
Cash	8300-50	8280-300		8300-25		
3 [redacted]	8300-25	8225-50	8300/8250	8300-25	8250-300	[redacted]
Tin [redacted] tonne)					[redacted]	
[redacted]	[redacted]	5600-10	5542/5540	[redacted]		
[redacted]	5670-5	5700-10	5690/5660	[redacted]	5665-70	[redacted]
Zinc, Special High Grade ($ per tonne)					Total daily turnover [redacted] lots	
Cash	1257-8	1252-4	1257	1257-8		
3 [redacted]	[redacted]	1252-3	[redacted]	1255-6.5	1256-7	18,302 [redacted]

LME Closing [redacted] SPOT: 1.9390 | 3 [redacted] 1.[redacted] | 6 months: 1.8813 | 9 [redacted]

[redacted] – London FOX					
	[redacted]	[redacted]	High	Low	Vol
Indx	[redacted]	[redacted]	[redacted]		57
[redacted]	[redacted]	[redacted]	[redacted]		99
Feb	[redacted]	[redacted]	[redacted]		[redacted]
Mar	[redacted]	[redacted]	[redacted]		[redacted]
Jun	161.10	[redacted]	161.10		[redacted]
Sep	160.20	[redacted]	[redacted]		[redacted]
Dec	[redacted]	[redacted]	[redacted]		

LONDON BULLION MARKET		
[redacted] by N.M.Rothschild)		
[redacted] (fine [redacted])	$ [redacted]	£ [redacted]
Close	392.00-392.50	
[redacted]	391.50-392.00	
Morning fix	[redacted]	202.476
Afternoon fix	[redacted]	200.925
Day's high	[redacted]	
Day's low	389.75-390.25	

Loco Ldn Mean Gold Lending [redacted] (Vs US$)			
1 month	5.83	6 months	5.4[redacted]
2 months	5.72	12 months	5.3[redacted]
3 months	5.62		

[redacted] fix	[redacted]	US cts equiv
Spot	[redacted]	[redacted]
3 months	[redacted]	[redacted]
6 [redacted]	229.00	[redacted]
[redacted]	[redacted]	446.90

TRADED OPTIONS				
Coffee	Mar	May	Mar	May
500	71	79	4	5
550	34	42	17	18
600	13	20	46	48
Cocoa	Mar	May	Mar	May
600	61	93	13	13
650	31	59	33	29
700	15	35	67	55

Brent Crude	Feb	Mar	Feb	Mar
2500		400		225
2550				
2600		410	60	320

[redacted] York

[redacted] oz.; $/troy [redacted]				
	[redacted]	[redacted]	[redacted]	
Jan	389.1	[redacted]	393.0	393.0
[redacted]	391.1	[redacted]	395.5	389.5
Mar	[redacted]	[redacted]	0	0
Apr	[redacted]	[redacted]	399.0	393.0
Jun	[redacted]	[redacted]	402.8	397.0
Aug	401.4	407.1	403.6	403.6
Oct	404.7	410.8	0	0
Dec	[redacted]	[redacted]	413.0	[redacted]
[redacted]	[redacted]	[redacted]	415.6	415.6

PLATINUM 50 troy oz; $/troy oz.				
	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	[redacted]	[redacted]	404.0
Apr	413.5	[redacted]	414.0	408.5
Jul	417.1	[redacted]	418.0	413.0
[redacted]	421.2	[redacted]	422.0	416.5
Jan	426.0	[redacted]	0	[redacted]

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
[redacted]	411.4	419.2	410.5	410.0
Feb	414.0	422.0	0	[redacted]
[redacted]	416.7	[redacted]	425.0	414.0
[redacted]	422.3	430.6	431.0	419.5
[redacted]	427.7	436.2	436.5	426.0
Sep	433.2	441.8	443.0	433.5
Dec	440.8	449.6	451.0	440.0
Jan	442.9	451.7	453.0	450.0
Mar	449.2	458.1	450.0	450.0
May	455.0	464.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	120.05	118.30	120.20	117.30
Feb	120.30	118.05	120.00	117.15
Mar	119.30	116.65	119.70	115.70
Apr	117.05	115.40	117.90	117.80
May	115.80	113.75	116.25	112.75
Jun	114.60	112.60	115.00	115.00
Jul	113.30	111.45	113.50	110.80
Aug	112.35	110.65	0	0
[redacted]	111.40	109.60	109.80	109.70
[redacted]	110.50	109.10	0	0

[redacted] OIL (Light) [redacted] $/barrel				
	[redacted]	[redacted]	High/Low	
[redacted]	[redacted].70	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	26.00
[redacted]	[redacted]	[redacted]	[redacted]	24.40
Jun	[redacted]	25.02	[redacted]	23.70
[redacted]	[redacted]	[redacted]	23.63	22.65
[redacted]	22.50	[redacted]	[redacted]	22.50
Oct	[redacted]	[redacted]	23.00	22.30
[redacted]	22.23	22.23	[redacted]	[redacted]

[redacted] US galls. [redacted]				
	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	[redacted]	7900	[redacted]
Apr	6800	7150	[redacted]	[redacted]
May	[redacted]	6825	[redacted]	6570
Jul	6400	6505	6470	6430
Aug	6510	6530	6520	6450

COCOA 10 [redacted]				
	[redacted]	[redacted]	High/Low	
[redacted]	1146	1150	1157	[redacted]
[redacted]	1186	1193	1198	1177
Jul	[redacted]	[redacted]	1240	1220
Sep	1268	1272	1275	1262
[redacted]	[redacted]	1326	1315	1310
Mar	1356	1368	1356	[redacted]

COFFEE "C" [redacted]				
	Close	Previous	High/Low	
Mar	[redacted]	[redacted]	[redacted]	[redacted]
May	90.50	[redacted]	[redacted]	[redacted]
Jul	92.75	[redacted]	94.00	92.05
Sep	94.90	[redacted]	[redacted]	[redacted]
[redacted]	97.50	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	103.60	100.75	[redacted]
[redacted]	[redacted]	103.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	[redacted]	Prev[redacted]	High/Low	
Mar	9.12	9.37	9.37	9.02
May	9.22	[redacted]	9.47	9.09
Jul	9.28	[redacted]	9.50	9.15
[redacted]	[redacted]	[redacted]	9.52	9.23
Mar	[redacted]	[redacted]	0	[redacted]
May	[redacted]	9.77	9.57	9.57

COTTON 50,000; cents/lbs				
	[redacted]	[redacted]	High/Low	
Mar	75.80	[redacted]	77.[redacted]	75.60
May	74.19	[redacted]	[redacted]	74.19
Jul	73.56	[redacted]	[redacted]	73.50
[redacted]	[redacted]	[redacted]	66.30	[redacted]
[redacted]	64.40	[redacted]	65.45	64.40

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	105.35	113.50	108.60	105.00
Mar	111.15	116.15	111.15	111.15
May	114.00	119.00	114.00	114.00
Jul	115.65	120.85	115.65	115.65
Sep	116.30	121.30	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	[redacted]	[redacted]	mnth ago	yr ago
	1709.8	[redacted]	1715.2	1806.4
DOW JONES [redacted]				
	[redacted]	[redacted] 28	mnth [redacted]	yr ago
Spot	124.97	[redacted]	123.06	127.28
Futures	127.76	127.37	[redacted]	129.35

Chicago

SOYABEANS 5,000 bu min; [redacted] bushel				
	[redacted]	[redacted]	High/Low	
Jan	[redacted]	[redacted]	559/0	549/6
[redacted]	[redacted]	[redacted]	573/4	563/4
May	581/4	[redacted]	[redacted]	[redacted]
Jul	594/6	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	606/0	[redacted]	596/0
[redacted]	[redacted]	602/6	[redacted]	597/0
[redacted]	602/6	[redacted]	608/0	601/0
Jan	615/0	[redacted]	617/0	[redacted]
Mar	626/4	[redacted]	626/4	[redacted]

SOYABEAN OIL 60,000 lbs; [redacted]				
	[redacted]	[redacted]	High/Low	
[redacted]	20.44	[redacted]	20.69	20.35
Mar	[redacted]	[redacted]	20.98	20.68
[redacted]	21.13	[redacted]	[redacted]	21.08
Jul	21.44	21.67	21.60	21.38
Aug	21.40	21.62	21.56	21.40
[redacted]	21.46	21.55	21.58	21.46
[redacted]	21.48	[redacted]	21.55	[redacted]
[redacted]	21.58	[redacted]	21.70	[redacted]

SOYABEAN MEAL [redacted]				
	[redacted]	[redacted]	High/Low	
Jan	[redacted]	[redacted]	164.3	160.8
Mar	[redacted]	[redacted]	[redacted]	165.8
May	172.1	[redacted]	173.5	170.5
Jul	176.4	[redacted]	177.8	175.0
[redacted]	177.7	179.4	179.8	[redacted]
[redacted]	178.5	178.7	179.0	[redacted]
[redacted]	[redacted]	[redacted]	179.0	177.0
Dec	[redacted]	[redacted]	181.0	179.2

MAIZE 5,000 bu min; cents/56lb bushel				
	[redacted]	[redacted]	High/Low	
Dec	248/4	250/2	249/0	248/0
[redacted]	[redacted]	231/6	[redacted]	[redacted]
[redacted]	[redacted]	239/4	[redacted]	[redacted]
Jul	245/2	246/2	245/4	244/2
Sep	[redacted]	246/6	248/2	246/6
Mar	255/4	257/0	255/4	254/2

WHEAT 5,000 [redacted] min; cents/60lb-bushel				
	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	[redacted]	264/0	256/4
May	[redacted]	[redacted]	269/6	263/4
Jul	[redacted]	[redacted]	273/6	267/4
Sep	279/6	278/4	279/6	274/4
Dec	292/4	288/4	292/4	286/0
Mar	298/6	294/6	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	77.07	77.20	[redacted]	76.90
[redacted]	[redacted]	76.47	76.62	[redacted]
Jun	74.42	74.82	[redacted]	74.35
Aug	72.95	73.10	73.10	72.82
Oct	72.85	73.00	73.10	72.60
Dec	73.25	73.50	73.50	73.25
Feb	73.25	73.80	0	73.25

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	48.07	48.87	48.65	48.00
Apr	46.15	46.87	46.85	[redacted]
Jun	50.87	51.37	51.37	50.60
Jul	51.00	51.30	51.20	[redacted]
Aug	49.25	49.67	49.52	[redacted]
Oct	44.60	45.10	44.87	44.60
Dec	44.90	45.35	45.00	44.90

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	61.12	63.10	62.85	61.10
Mar	60.62	62.60	62.15	60.60
May	61.60	63.60	63.25	61.60
Jul	61.67	63.55	63.40	61.62
Aug	60.00	61.05	62.00	60.00

LONDON STOCK EXCHANGE

Gloomy opening to the new year

THE [illegible] made an uneasy start [illegible] the London [illegible] market yesterday, when deepening concern over the Gulf and the [illegible] outlook brought further losses in share prices. Lingering hopes for an early reduction in UK interest [illegible] found little encouragement with a reminder [illegible] Mr Norman Lamont, UK chancellor of the exchequer, that UK rates would be "consistent with our ERM obligations".

The fading hopes for [illegible] early cut in UK base rates was clearly signalled from the interest futures markets, while the effect of recessionary pressures was underlined for equities by the announcement of a 35 per cent increase in UK corporate bankruptcies last year, as well as by a series of gloomy comments on the trading outlook from senior members [illegible] the UK business community.

Account Dealing Dates		
*First Dealings:		
Dec 10	Dec 31	Jan 14
Option Declarations:		
Dec 27	Jan 10	Jan 24
Last Dealings:		
Dec 28	Jan 11	Jan 25
Account Day:		
Jan 7	Jan 21	[illegible] 4

*New-time dealings may take [illegible] from [illegible] am [illegible] business days [illegible]

[illegible] Tokyo closed and New York unimpressive overnight, UK stocks opened sluggishly and soon began [illegible] give ground. [illegible] the day's low point, which [illegible] at mid-morning, the FT-SE Index [illegible] down by more than 20 points. However, in the absence of the [illegible] fund [illegible] senior [illegible] ket traders, [illegible] had extended [illegible] Christmas holiday, turn[illegible] thin.

The market steadied towards [illegible] but [illegible] heart [illegible] Wall [illegible] struggled to hold [illegible] plus territory in early dealings, showing [illegible] gain [illegible] single point [illegible] the [illegible] when London went home for the day. The [illegible] reading [illegible] the FT-SE Index [illegible] 2,128.3, a [illegible] on the [illegible] of [illegible] points and marked a return [illegible] levels last seen at the end of November.

[illegible] volumes [illegible] up [illegible] little as equities rallied. [illegible] ever, the final [illegible] of [illegible] through the Seaq network [illegible] unimpressive by [illegible] standards, and compared [illegible] vourably [illegible] with [illegible] 129.9m [illegible] in [illegible] Year's [illegible] half-day [illegible].

Inevitably, [illegible] further [illegible] over the outlook for some London-based securities [illegible] struggling [illegible] earn [illegible] living in a market [illegible] heavily over-supplied [illegible] share traders.

The [illegible] of the Gulf lay [illegible] as investors pondered [illegible] for the [illegible] Nation's January [illegible] for Iraqi [illegible] from Kuwait. Oil [illegible] provided one [illegible] firm spots in equities, although interest [illegible] as [illegible] Sea [illegible] crude oil prices failed to hold initial [illegible].

Among industrials, the picture [illegible] generally gloomy, [illegible] ICI setting the trend [illegible] turning [illegible] as Sir Denys Henderson, the chairman, [illegible]ned employees of "painful decisions" ahead. In the financial sector, Sir John Quinton, chairman of Barclays Bank, predicted that the UK clearers would face bad debt provisions [illegible] on [illegible] year's [illegible]. The insurance [illegible] continued to wilt as [illegible] leading [illegible] well-respected analyst warned that "[illegible] could [illegible] the second worst [illegible] (for [illegible] major composite insurers)".

Stores shares, [illegible] already [illegible] punishment [illegible] high [illegible] and recessionary [illegible] on [illegible] spending, came in [illegible] from City analysts [illegible] Boots delivered the [illegible] reports on the outcome of the all-important Christmas selling season.

Commented Mr Bill Smith of Barclays de Zoete Wedd: "It all amounts to a fairly negative [illegible]. Hopes for interest [illegible] in [illegible] near [illegible] would [illegible] to have been [illegible] – although [illegible] confident [illegible] fall sharply [illegible] 1991."

Christmas sales disappoint

FIRST indications that Christmas [illegible] below expected [illegible] stores sector, fuelled by a trading report from Boots. Sir James Blyth, [illegible] chief executive, [illegible] had been above last year's but [illegible] target. [illegible] 12 down [illegible].

The [illegible] report prompted [illegible] profit [illegible] current [illegible] from around [illegible] £360m [illegible] to £350m. The [illegible] had begun on [illegible] after [illegible] Govett cut its [illegible] by £10m [illegible] lowered [illegible] by another [illegible] after the [illegible].

Other stores [illegible] report shortly on Christmas trading are Storehouse, down [illegible] 113p, and Ratners, [illegible] 158p. *Hoare* [illegible] for [illegible] by [illegible] £30m; [illegible] by £15m to £125m; and for Sears by £15m to £97m, causing [illegible] penny to 84p.

Banks weaken

High street banks started the new year in dismal fashion following [illegible] *on* the level [illegible] debts in the UK by Sir John Quinton, chairman of Barclays.

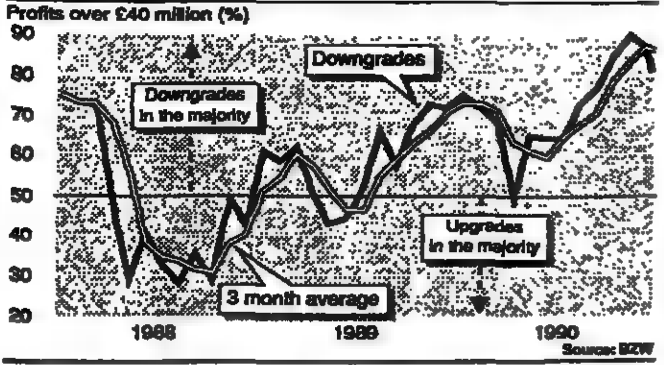
Sir John said [illegible] banks might need to make up to £2bn in provisions [illegible] an increase in bad debts. This put the seal on what many banking specialists see as [illegible] bleak outlook for the [illegible] year. One said: "There *is* a growing feeling that interest rates may stay higher than previously expected, because of the impact of the situation in the Gulf and UK entry into the ERM."

The market must now expect some very bad days in the banks sector until the full extent of the damage caused by [illegible] failures and bad debts in general [illegible] made known. The full year reporting season for the big four banks gets under way at the end of February.

The worst performer yesterday was Barclays, down 10 to 352p, also upset by a broker's recommendation to switch into NatWest. The latter outperformed the sector, closing only 2 easier at 265p. Lloyds lost 6 to 290p and Midland 6 to 181p.

Standard Chartered, which suffered the indignity of being dropped from the FT-SE 100 index, slipped 5 to 254p. TSB [illegible] 4 [illegible] 132p on [illegible] of preliminary figures [illegible] on Thursday [illegible].

Downgrades as % of forecast changes



The speed of the slowdown in the UK economy continued to surprise companies and analysts alike in the closing months of 1990, and prompted yet more substantial downgrades of brokerage forecasts for profits across the corporate range, comments Barclays de Zoete [illegible]. Attention now focuses on this spring's corporate reporting season, [illegible] should [illegible] the City's forecasts for 1991 profits still require [illegible] downward adjustment. BZW is predicting [illegible] fall of [illegible] per cent in aggregate [illegible] earnings for [illegible].

Ultramar [illegible] were given [illegible] push by [illegible] *from* [illegible] *least* [illegible] houses, County NatWest, which [illegible] buy stance on the stock, and Kleinwort Benson, which turned bullish on the shares after two years of bearishness.

[illegible] Fergus MacLeod [illegible] County [illegible] had increased his [illegible] income for [illegible] year from [illegible] *because of currency changes.* He added that due to Ultramar's high gearing towards refining, the shares should outperform the more oil price-geared stocks [illegible] crude oil prices fell and refining margins expanded after the Gulf crisis. Refining margins, he said, picked up sharply [illegible] week, and Ultramar would benefit *from growing demand for gas* in the Far East.

Mr Philip Lambert at Kleinwort focused on the fact that Ultramar "has the merit of its substantial downstream element, which offers protection post the Gulf crisis". Mr Lambert said Opec members had made a lot of money in the last few months and would try to buy refineries in the West.

International stocks weak[illegible] with [illegible] dollar. One trader [illegible] "Prices [illegible] barely changed in New York [illegible] are [illegible] here." [illegible] *slipped* [illegible] and ICI 8 [illegible]. Turnover [illegible].

Grand Metropolitan and Guinness, two brewing sector stocks with large US earnings, also lost ground. Traders said they had been particularly strong in December and early sell orders yesterday have left the market oversupplied with *stock. GrandMet shed 9 to* 666p, having bottomed at [illegible], [illegible] Guinness [illegible] 10 [illegible] 751p.

Allied-Lyons [illegible] exception, firming 2 [illegible] 483p. The stock had been weak last month [illegible] the market braced itself for possible selling of up to 9.4 per cent of the company's equity by Canadian property developer Olympia & York. The latter has a large block of convertible stock acquired in 1987 as part of the deal which transferred 49 per cent of Canada's Hiram Walker to Allied. The period during which the conversion can be made began yesterday and lasts for four years. Traders added that Allied had been included on one newspaper's *list of share tips of the year.*

The second half profits warning issued on Monday by Guardian Royal Exchange continued to weigh heavily on GRE shares and those of other composite insurers. The market also took note of the recent gales across the UK and forecasts of worse to come later this week.

There was also a follow-up meeting yesterday between GRE and insurance analysts in which the insurance group said it would seek redress from an expensive foray into the Italian automobile market, and that it would make provisions of between £50m and £70m during the second half because of the increased cost and frequency of personal injury [illegible] the UK. [illegible] company is [illegible] have [illegible] the difficulties that its UK businesses are currently enduring.

Dealers said the market was becoming more convinced [illegible] GRE's [illegible] *for* [illegible] full year would [illegible] much closer to [illegible] figure expected by [illegible] pessimistic analysts, rather [illegible] *predicted by others.* "More downgrades of [illegible] composites are imminent," [illegible] an insurance specialist.

[illegible] to 179p. [illegible] lost 13 [illegible] 380p, [illegible] Union [illegible] 448p [illegible] Sun Alliance 4 [illegible] 326p. General Accident, where an announcement of its life bonus [illegible] is thought [illegible] imminent, fell 14 [illegible]. Commercial [illegible] surprised [illegible] market by [illegible] ing its life [illegible] rates last month.

An abundance of new [illegible] investment recommendations found most [illegible] in [illegible] miscellaneous industrial sector none too ea[illegible] respond. Diploma, the [illegible]ilding supplier and semiconductor distributor, made moderate headway to 207p, [illegible] 3, [illegible] BET, 168p, and [illegible] Aerospace, 524p, both edged forward.

Other 1991 buys were Hawker Siddeley [illegible] Industries, but they lost ground, the [illegible] closing 7 off at 432p and [illegible] 3 lower at 143p.

Thought by many [illegible] the big stock most vulnerable to predatory moves, Pilkington, [illegible] world's largest maker of flat glass, was another [illegible] retreat. Dealers said [illegible] short-term optimists expressed disappointment yesterday that a takeover attempt had not [illegible] made before the year's end. They tried reduce their commitments, leaving the shares 2½ [illegible] 176p.

The [illegible] of [illegible] prospects [illegible] the chemical industry did little more [illegible] nudge prices down [illegible] penny [illegible] so. Croda International was [illegible] exception, declining [illegible] 147p. [illegible] also [illegible] losses, primarily [illegible] spective [illegible] partners [illegible] McEwan and [illegible] Environmental Services, [illegible] 25 [illegible] 1118p and 10 [illegible] respectively.

The [illegible] for [illegible] Birmingham Mint, the [illegible] minting [illegible] specialist engineering company, [illegible] finely balanced yesterday after hostile bidder IMI claimed [illegible] ship of nearly [illegible] cent of [illegible] equity. The total includes acceptances of the final IMI offer of 95p per share, which closes at 3pm tomorrow.

Birmingham Mint remained [illegible], although [illegible] board, [illegible] has rejected [illegible] bid as inadequate, said yesterday that it would be prepared to recommend an [illegible] 110p per share. If [illegible] bid was [illegible] lapse, IMI would [illegible] allowed under City [illegible] a higher recommended [illegible] three months. IMI [illegible]pped 3 to 202p.

Shandwick, [illegible] public relations [illegible] remained friendless. It has suffered [illegible] months from analysts' caution on [illegible] sector, [illegible] which [illegible] reiterated [illegible] concerning [illegible]. The [illegible] *dropped another* 9 [illegible] 51p, compared [illegible] 120p in [illegible] and [illegible] high of [illegible] in [illegible].

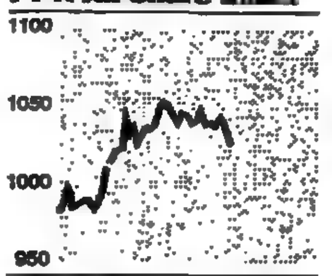
Early light buying of Carlton Communications, in [illegible] inclusion [illegible] eral [illegible] of recommended investments for 1991, helped [illegible] rise [illegible] within a whisker of £4. But an agency broker then offered stock around [illegible] market [illegible] Carlton fell rapidly [illegible] end [illegible] lower [illegible] the day [illegible].

Oil issues outperformed [illegible] market, still reflecting the [illegible] Gulf war. Shell put on 3 to [illegible] hardened [illegible] and British [illegible] edged ahead to 226½p. Enterprise rose [illegible] 611p.

Hints [illegible] a drilling [illegible] the North Sea [illegible] said [illegible] have been behind good support for Hardy Oil & Gas, which moved up [illegible].

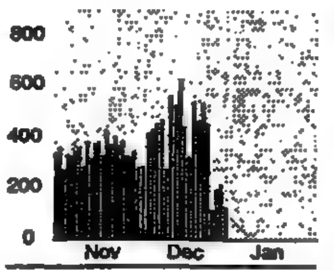
■ Other Market statistics, including the FT-Actuaries [illegible] index, Page [illegible]

FT-A All-Share Index



Equity Shares Traded

Turnover by volume [illegible]
Excluding:
[illegible] business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Jan 2	Dec 31	Dec 28	Dec 27	Dec 24	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
[illegible]	[illegible]	82.03	82.11	82.20	82.24	84.20	84.20 [illegible]	[illegible] (30/4/90)	[illegible]	[illegible]
[illegible]	90.59	90.62	90.62	90.68	90.80	92.74	92.91 (8/1/90)	83.80 [illegible]	105.4 (28/11/47)	[illegible] (3/1/75)
Ordinary [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1678.9	[illegible]	[illegible]	[illegible]	2008.6 [illegible]	49.4 [illegible]
Gold [illegible]	156.9	[illegible]	150.0	[illegible]	151.3	[illegible]	[illegible]	136.2 (18/12/90)	734.7 [illegible]	43.5 (26/10/71)
FT-SE [illegible]	2128.3	[illegible]	[illegible]	[illegible]	2158.3	[illegible]	[illegible]	1990.2 (28/9/90)	[illegible] (3/1/90)	986.9 [illegible]
FT-SE [illegible]	931.10	[illegible]	[illegible]	948.51	958.18	-	1003.35 [illegible]	[illegible]	1003.35 (6/12/90)	931.10 [illegible]
[illegible] Yield	5.78	5.73	5.70	5.68	5.72	4.41				
Earning [illegible] %(full)	12.05	11.98	11.88	11.87	11.93	10.79				
P/E Ratio(Net)(☆)	[illegible]	10.10	10.16	[illegible]	[illegible]	[illegible]				
SEAQ Bargns 4.45pm	[illegible]	[illegible]	31,616	[illegible]	22,425	[illegible]				
Equity Turnover(£m)†	-	[illegible]	381.78	[illegible]	243.38	549.66				
Equity Bargains†	-	[illegible]	34,094	[illegible]	[illegible]	29,711				
[illegible] (ml)†	-	120.6	207.9	198.9	120.9	[illegible]				

[illegible] 15/10/26, Fixed [illegible] Gold mines [illegible] Basis 1000 FT-SE [illegible] 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ [illegible] 9.88 [illegible]-indicative.

Ordinary Share Index, Hourly changes — Day's High 1673.6 — Day's [illegible]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1673.5	1664.9	1654.4	[illegible]	[illegible]	1654.2	1653.7	[illegible]	1654.5

FT-SE, Hourly changes — Day's High 2143.0 — [illegible]'s Low 2122.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2142.9	2134.7	2125.6	2128.1	2128.6	2125.5	2125.1	[illegible]	2127.9

[illegible] Eurotrack 100, hourly [illegible] — Day's High [illegible] — Day's Low [illegible]

Open	10 am	11 am	[illegible] pm	1 pm	2 pm	3 pm
928.79	926.66	926.24	927.98	928.04	927.80	[illegible]

GILT EDGED ACTIVITY

Indices*	Jan 2	[illegible]
Gilt Edged Bargains	27.6	36.1
5–Day [illegible]	[illegible]	[illegible]

*SE Activity 1974.
†Excluding intra-market [illegible] & [illegible] turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS ([illegible]).
BREWERS (1) Macdonald Martin A, ELECTRICALS (1) STC, FOODS (1) A.B. Foods, LEISURE (1) Airtours, TRUSTS (4) I & S Optimum Inc, Tst. Zero Div. Prf., Olins Zero Cpn. Prf., River Plate Zero Div. Prf., Scot. Nat. Zero Div. Prf.
NEW LOWS ([illegible]).
AMERICANS (1) Gt. Am. First Svgs. Bk., CANADIANS (1) Hawker Siddeley Can., BANKS (2) ANZ, Banco de Santander, BUILDINGS (3) Anglia Secure Homes, Hewetson, Lafarge Coppee, STORES (2) Ratners, Do. 6¾p Cnv. Cum. Red. Prf., ELECTRICALS (5) GEC, Harland Simon, Logitek, Manvier-Swain, Western Selection, ELECTRICITY (1) Midlands, ENGINEERING (3) Haden MacLellan, Kvaerner, MS Int., Tex, Torday & Carlisle, FOODS (2) Cullens, Nichols (Vimto), HOTELS (1) Pelican, [illegible] (7) Caparo Inds., Daimler Benz, Expamet, [illegible] Int., Johnston Grp., Optometrics, [illegible] Furniture, INSURANCE (1) FBD, [illegible] GWR, Radio City A, Zetters, [illegible] (1) Adscene, PAPERS (1) Shandwick, PROPERTY (7) Arcadian Int., Britannia Group, Egerton Trust, Ests. & General, Hardanger, Ossory Ests., Prop. Partnership, TEXTILES (1) Sirdar, TRANSPORT (1) TNT, TRUSTS (21) Abtrust New Thai, Barry Starquest, Brit. Assets, Drayton Cons., Electra, Eng. & Caledonian, Fleming Fledgeling, GT Venture Wrrnts., Guidehouse, Latin American, Do. Wrrnts., I & S Optimum Inc., Martin Currie Wrrnts., Murray Int. B, New Throgmorton Cap., Do. New Wrrnts., Pacific Prop. Wrrnts., SPRAIT, South East Asian Wrrnts., TR Euro Growth, Tyndall, OVERSEAS TRADERS (1) Antofagasta, MINES (2) MIM, Minorco.

APPOINTMENTS

Eurotunnel promotions

■ EUROTUNNEL has made the following changes: Mr Peter Ratzer, treasurer, has been promoted to group secretary and director of corporate finance, succeeding Mr Douglas Hogg who has been promoted to a key responsibility in the commercial and marketing division. Mr Patrick Fulhaber has been promoted to group treasurer, and will continue to service the risk management committee. Mr Mike Grant is promoted to manager of corporate finance. Ms Agnes Bonnet becomes head of investor relations. Ms Barberine Mei becomes joint secretary or secretary of all French group companies. Mr Christophe Cuny has been promoted to head of banking and exchange in successionto Mr Ernie King who retired at the end of the year, but [illegible] as a consultant for a further three months.

■ PORT OF LONDON AUTHORITY has appointed Sir Brian Shaw as chairman of its River Committee, taking over from Mr Robert Crawford who remains PLA vice chairman. Sir Brian was appointed to the PLA board as [illegible] non-executive member on January 1 1987. He is chairman of both Furness Withey & Co, and ANZ Grindleys Bank, and is treasurer of the AA. The PLA River Committee is responsible for river division's statutory functions, including navigation, pilotage, licensing, and [illegible].

■ Following the annual meeting in May Mr John Church, managing director, will be promoted to chairman of CHURCH & CO, succeeding Mr Ian Church who will retire but remain a non-executive director. Mr Iain Kennedy *(pictured)* has been appointed joint managing director with Mr John Church until Mr Church becomes chairman. Mr Wilf Coe retires from the board of Church & Co, and as managing director of Joseph Cheaney & Sons, on January 31.

■ PLASTONA, Leeds, a plastic packaging company of the *John Waddington* group, has appointed Mr Bob Jackson as sales director. He joined the company as sales manager in 1988 from BXL Plastics.

■ Mr Tony Dye has been appointed deputy chief executive of both UBS ASSET MANAGEMENT (UK) and PHILIPS & DREW FUND MANAGEMENT. He continues in his role of investment director. PDFM has appointed Ms Fiona Sturrock a director. UBS Phillips & Drew *International Management* has made Mr Wilson Philips a director, while Mr Michael Gostick and Mr Philip Keeler have become directors of UBS Asset Management.

Mr [illegible] *(pictured)* has [illegible] appointed a managing director of LLOYDS MERCHANT BANK. [illegible] will be responsible for Lloyds Investment Managers. Mr [illegible] of CIGNA Financial Services, Europe, and [illegible] previously the director of Midland Bank's personal financial [illegible] division.

■ Mr Brian M. Winterflood and Mr Brian S.P. Gent have been appointed directors of THE UNION DISCOUNT COMPANY OF LONDON. Mr Winterflood is managing director of Winterflood Securities, and Mr Gent is a director of subsidiary The *Union Discount Company*, [illegible] deputy head of banking supervision at [illegible] of England.

Candover chairman

■ Mr [illegible] *(pictured)* has [illegible] promoted [illegible] executive [illegible] chairman [illegible] following the retirement [illegible] Mr Peter Wreford, who [illegible] non-executive director. [illegible] Anthony Hichens, [illegible] director, [illegible] been appointed deputy chairman and chairman of [illegible] remmuerations [illegible]. Mr Stephen Curran [illegible] been promoted [illegible] deputy [illegible] executive, and [illegible] Douglas Fairservice, [illegible] director, becomes deputy [illegible] executive. Mr [illegible] joined Candover as company secretary following the resignation [illegible] Mr Stephen Alexander.

■ Mr Duncan Young, managing director of [illegible] Household Mortgage Corporation, [illegible] elected chairman [illegible] centralised [illegible] lenders' [illegible] association, the [illegible] LENDERS. [illegible] Sharp, managing [illegible] of [illegible] Home Mortgages, becomes vice chairman.

LONDON SHARE SERVICE

BRITISH FUNDS

1990/91 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

1990/91 High	Low	Stock	Price £	+ or –	Yield (1)	(2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

1990/91 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

Continued on next page

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro F15	£9½		028%	2.1	8.7	5.4
303	131	ANZ SA1	131	-2	038c	♦	11.2	♦
234	173	Abbey National 10p	229	-2	5.7	4.3	3.3	9.3
274	128	Allied Irish Ord	140	-3	†040%	3.3	6.4	6.3
85	47	Anglo Irish	57		Q18.6%	2.3	7.3	7.5
93	60	Ansbacher (H.) 1p	60		2.5	1.3	5.6	17.3
£71½	£32	Bancaire Cie Fr100	£43	-⅝	Q12¼%	–	3.0	–
£22¼	£12	Banco Bilbao Viz	£13¼		Q49.1%	2.7	6.0	9.1
£59	£23½	Banco de Santander	£23¾	-1	Q24.7%	2.5	4.3	9.5
280	130	Bank Ireland IrE1	152	-2	Q14.7%	2.9	8.7	5.3
£19½	£18	Bank Leumi	£19½			–	–	–
351	320	Bank Leumi (U.K.)	350		†15.0	–	5.7	–
129½	100	Bank Scotland	117		†4.55	3.4	5.2	7.5
101¼	83½	Do 9¼pc Irrd Pf	96½		9¼%	–	12.8	–
54	39	Bank of Wales	42		2.8	0.8	8.9	(20.3)
428	290	Barclays £1	352	-10	†19.57	3.5	7.4	3.9
23	10	Benchmark 20p	12		0.75	–	8.3	–
335	205	Brown Shipley £1	205		‡12.0	2.2	‡	6.6
435	385	Cater Allen £1	389		F24.5	–	8.4	–
179	29	Chancery	44		†9.0	2.7	‡	1.8
£23¼	£14	Commerzbk DM10	£15¾		Q18%	–	3.9	–
£13½	620	Dai Ichi KBk Y50	750		Q17%	6.2	0.5	35.4
£313	£180	Deutsche Bk DM50	£206⅝	-1	Q28%	–	2.3	–
£20⅞	£14½	Espirito Santo	£16¼	-⅛	Q75c	5.1	2.3	8.4
253	166	First Nat. Fin. 10p	180	+2	13.0	2.1	9.6	6.2
121	82	FNFC 6.3pc Cv Pf	88xd		6.3%	–	9.5	–
£13½	633	Fuji Bank Y50	939		†Q17%	6.9	0.4	39.9
325	262	Gerrard & National	316		19.0	–	8.0	–
154	75	Guinness Mahon 10p	76	-1	1.45	♦	2.5	♦
328	194	Hambros 20p	234	-1	†11.5	–	6.6	–
128	88	Do 7.5pc Cv Pf	99	-1	7½%	–	10.1	–
53½	29	HK & Shang. HK$2.50	30½	-½	†bQ38c	–	8.4	–
			378		15.85	–	5.6	–

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ELECTRICITY

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

هكذا من الأصل

LONDON SHARE SERVICE

● Latest [illegible] Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

MOTORS, AIRCRAFT TRADES – Contd

Components

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	.....	3.5	10.8	1.0	12[illegible]
225	135	Airflow Streamlines y	140	.....	6.0	3.0	5.7	7[illegible]
190	145	Bostrom 5p y	147	.....	†5.75	3.1	5.2	6.[illegible]
266	160	Dowty 50p	164	.....	†9.0	2.1	7.4	7.[illegible]
239	110	FR Group	115	.....	6.37	3.1	7.4	5.[illegible]
135	56	Kwik-Fit Hldgs. 10p	76	–2	†2.4	2.3	4.2	14.[illegible]
174	102	Lucas Inds.	143	–3	7.0	2.5	6.5	7.[illegible]
44	14	Do. Warrants	22¼	.....	–	–	–	–
90	55	Mid-States 10p y	55	.....	¢20.75	–	1.8	[illegible]

Garages and Distributors

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	15	Alexanders 10p y	15	.....	1.0	3.0	8.9	4.5
135	78	Appleyard 10p	84	.....	†7.8	2.4	12.4	3.9
110	55	Bletchley Motor 20p y	65	.....	†7.5	1.9	15.4	4.6
568	398	Caffyns 50p	400	.....	11.5	1.0	3.8	(36.5)
121	91	Central Motor Auctns. y	91	.....	†3.25	3.2	4.8	8.7
61	23	Cook (D.C.) Hldgs. y	23	.....	1.0	5.3	5.8	4.3
89	33	Cowie (T.) 5p	46	–1	4.2	1.5	12.2	6.4
95	56	Dagenham Motors 10p y	78	.....	†5.25	2.8	9.0	5.4
98	73	Davenport Vernon 10p y	75	.....	3.5	3.6	6.2	5.2
247	163	Evans Halshaw	168	.....	11.25	2.4	8.9	6.1
113	68	Gates (F.G.)	75	.....	2.75	1.9	4.9	14.1
161	25	Gowrings 10p y	33	.....	5.63	1.0	22.7	5.7
81	44	Jacks Wm. y	44	.....	‡2.0	1.0	‡	21.6
118	46	Jessups y	46	–3	7.0	1.0	20.3	6.7
297	162	Lex Service	278	+2	15.3	1.9	12.0	6.0
147	50	Lookers y	72	–2	6.2	3.9	11.5	2.9
43	21	Malaya Group 10p y	25	.....	2.0	♦	10.7	♦

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
67	46	NK Land Hldgs 10c.	47	–1	†06.15c	♦	7.0	♦
18½	6	NOCD 10p	6	.....	–	–	–	–
250	225	Jermyn Invest.	250	.....	3.0	16.9	1.6	4.9
37½	30	Key City Prop.	30	.....	–	–	–	–
550	443	Land and Securities £1	523	.....	†17.0	1.6	4.3	19.1
£91⅝	£76½	Do. 10pc 1st Mt Deb 2025 y	£85⅞	.....	Q10%	–	11.7	–
£91	£76¼	Do. 10pc 1st Db 2030. y	£84⅝	.....	Q10%	–	11.8	–
670	508	Lend Lease 50c.	598	–10	Q70c	♦	4.6	♦
£95	£79¾	Lonmet 10¼pc Deb 2012	£85½	–½	Q10¼%	–	12.0	–
88½	71	Lon & Edinburgh Tst 9½pc Cnv Rt 2013 y	71	.....	8.88%	–	16.7	–
158	8	Lndn & Shropshire 5p	8	.....	6.65	2.9	–	[illegible]4
48	19	Lon. Securities 15p y	19	.....	1.5	4.8	10.5	[illegible]5
81	44	Do. 8¼pc (Net) Cv y	50	–1	8.25	–	22.0	–
549	413	MEPC	491	–1	19.0	1.6	5.2	15.2
82	27	Marcheath	28	.....	6.0	1.4	28.6	2.4
43	15	Marylebone Ests 5p	15	.....	‡3.0	1.4	‡	3.6
*215	6	McInerney 10p y	14	+1	‡Q34.7%	–	‡	–
175	120	McKay Secs 20p y	130	–5	5.8	1.8	5.9	12.3
27	4	Merchant Manf. Ests. y	4	.....	‡1.0	–	‡	–
436	193	Merivale Moore 5p y	210	.....	10.5	5.0	6.4	4.2
63	8	Merlin Intl Props.	8	.....	2.0	–	–	–
71	18	Micklegate Grp. 1p y	18	.....	L2.25	3.4	16.7	2.1
50	33	Molyneux Ests. y	33	–1	70.5	–	2.0	–
107	34	Moorfield Estates 10p y	35	.....	3.75	4.0	14.3	2.3
163	55	Mountleigh	71	–1	4.75	–	8.9	–
94	40	Do. 5.25pc Cnv Pf y	46	.....	5.25%	–	15.2	–
1200	815	Mountview Ests. 5p y	815	.....	†11.5	9.5	1.9	6.9
40	7	Mowat Group 10p y	12	.....	0.5	0.5	5.6	(65.5)
129	86	Muckiow (A. & J.)	123	.....	5.13	1.3	5.6	19.0
63	36	New Cavendish 5p y	43	.....	–	–	–	9.0
27½	8	New Eng. Prps 5p	9	.....	1.0	1.3	14.8	[illegible]4
19	9	Ossory Estates 5p	9	–2½	0.85	1.2	12.6	[illegible]3
237	128	Palmerston Hldgs. y	128	–2	8.78	1.4	9.1	[illegible]9
238	125	Peel Hldgs	136	.....	10.0	0.2	9.8	–
38	1½	Pennant Props. 10p	1½	.....	‡1.0	–	‡	–
204	100	Power Corp. Ir10p y	113	.....	†075%	1.8	6.0	12.6
330	17	Priest Marians 10p	31	.....	‡3.3	12.2	14.2	0.8
£107½	£10	Do 6½pc Cv Ln '00/03. y	£28½	.....	Q6.5%	–	22.8	–
78	9	Prior 10p y	10	.....	5.0	0.5	–	[illegible]

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

1990/91 High	Low	Stock	Price	+ or –	Div Net	Y'ld Gr's	NAV	Dis or Pm(–) %
177	128	Brunner Inv	136	–1	4.3	4.3	154.9	12.2
60	31	CST Emerg Asia 10p y	37	.....	0.35	1.3	44.0	16.0
28	9	Do. Wrrts 10p y	16	.....	–	–	–	–
50	28	Castle Cairn Inv. y	32	.....	–	–	37.8	16.6
20	11	Do. Warrants y	11	.....	–	–	–	–
88	58	China & East Inv 50c y	60	.....	Q2c	1.5	80.4	25.4
35	18	Do Warrants y	22	.....	–	–	–	–
45	39	City & Com. Inc. y	44	.....	†7.75	23.5	–	–
1500	1160	Do Cap (£1). y	1200	–20	–	–	1357.7	11.6
52	34	City of Oxford Inc. 5p y	37	.....	F4.5	16.7	32.6	–13.6
68¼	53¼	Do Zero Div Pf 5p y	68¼	.....	–	–	–	–
96	65	Clydesdale Inv. 50p. y	67	.....	3.45	6.9	87.5	23.3
284	154	Cons. Venture Tst. 10p y	154	.....	0.1	0.1	215.3	28.5
180	70	Do. 120 Warrants y	70	.....	–	–	–	–
197	132	Conti Assets Tst 75p. y	141	–2	0.1	0.1	152.7	7.6
136	80	Do Warrants y	84	.....	–	–	–	–
85	77	Danae (Inc.) y	82	.....	7.95	13.5	–	–
47	26	Do. (Cap) 2p y	28	.....	–	–	39.5	29.1
100	88	Dartmoor Inv Tst 10p y	94	.....	K9.75	13.8	92.1	–1.5
£111	£102½	Do 6¼pc 2Pf-Lnh 2005	£108¼	.....	Q6.25%	5.7	–	–
198	156	Derby Tst. Inc. y	198	.....	15.13	10.3	–	–
220	155	Do Cap 10p y	180	.....	–	–	344.6	49.2
101	71	Do. Wrrnts y	71	.....	–	–	–	–
112	55	Drayton Asia Tst 10p	55	–1	0.7	1.7	66.4	[illegible]3
56	15	Do. Warrants y	18	.....	–	–	–	–
565	358	Drayton Cons.	358	–9	17.0	6.3	523.2	[illegible]6
140	96	Drayton Eng & Intl	96	.....	†3.2	4.4	94.7	–[illegible]3
283	145	Do. Warrants y	145	.....	–	–	–	–
147	75½	Drayton Far East.	81½	–1½	h0.58	0.9	85.8	4.4
477	225	Do Warrants '82-'91 y	227	–1	–	–	–	–
288	218	Dundee & London	218xd	.....	12.0	7.3	233.7	6.7
518	405	Dunedin Inc. Growth	451	–1	†21.0	6.2	486.7	7.3
569	380	Dunedin Worldwide.	393	–1	9.0	3.1	467.4	15.9
49	38	ECU Trust 10p	41	–1	–	–	–	–
23	11	Do. Warrants y	12	.....	–	–	–	–
15¾	8½	EFM Dragon Trust. y	8½	.....	–	–	9.0	5.8
10	4½	Do Wrrnts y	4½	.....	–	–	–	–
9¼	4½	Do Wrrnts 2005 y	4½	–¼	–	–	–	–

INVESTMENT TRUST – Contd

1990/91 High	Low	Stock	Price	+ or –	Div Net	Y'ld Gr's	NAV	Dis or Pm(–) %
122	93	Scott & Merc 5p y	93	.....	3.48	5.0	91.3	–1.9
94	70	Do A 5p y	70	.....	3.48	6.6	–	–
152	112	Scot. Mort. & Tst.	121	–1	†3.35	3.7	140.5	13.9
101½	86½	Scot National Tst Inc	98	–½	8.35	11.4	–	–
70	26	Do Cap	43	–2	–	–	35.8	–20.1
115	99½	Do Stepped Prf y	114¼	+½	†5.25	6.1	–	–
141½	110¼	Do Zero Div Prf y	141½	+½	–	–	–	–
21	9	Do Warrants	9½	.....	–	–	–	–
1020	860	Sec. Alliance Tst.	912	–10	33.0	4.8	1078.6	15.5
280	205	Second Market Inv 50p	205	–6	0.33	0.2	222.1	7.7
72	54	Securities Tst Scot.	60	–½	†2.82	6.3	62.4	3.1
131	77	Select. Assets 10p	77	.....	0.66	1.1	109.8	29.9
114	88	Do Eq Ind Ln Serf y	91	–1	5.94	6.6	–	–
114	88	Do. Eq Ind Ln serfL y	91	–1	5.94	6.6	–	–
238	186	Shires Inv 50p	201	.....	†16.75	11.1	214.5	6.3
£115¼	£85½	Do 11pc Cnv. Ln y	£100½	.....	Q11%	10.9	–	–
102	80	Slum Selective Growth y	80	–1	–	–	72.8	–11.3
38	21	Do. Warrants y	21	–1	–	–	–	–
45½	24	Sphere Inv Tst. Inc.	24	.....	u3.87	22.4	20.8	–12.3
59¼	48½	Do Zero Dv Pf y	59⅞	+½	–	–	–	–
13½	7½	Do. Wrrnts y	7½	.....	–	–	–	–
142	110	Strata Investments y	111xd	.....	1.32	1.6	131.0	15.3
150	124	Stratton Inv. Tst. y	125	+1	1.13	1.2	151.0	17.1
106½	84½	TR City of London	94½	–2	u4.56	6.4	98.4	4.0
102	86	TR E[illegible] Growth Tst	86	–1	K1.0	1.6	95.0	8.4
45	38	Do [illegible]. Sub. 1p y	41	+1	F1.0	3.3	–	–
107	60	T[illegible] East Inc. Tst. y	61	.....	4.0	8.7	70.8	13.8
29	12	Do. Warrants y	12	–1	–	–	–	–
115	86	TR High Inc Tst. y	86xd	.....	K6.0	9.3	84.9	–1.3
43	25	Do Sub. 1p y	25	.....	N1.5	8.0	–	–
104	50	TR Pacific Inv Tst 5p	53	.....	0.25	0.6	66.3	20.1
55½	29	TR Prop. Inv Tst.	31½	–½	1.45	6.1	37.7	16.5
158	100	TR Smaller Co's	101½	–1½	3.4	4.5	121.4	16.3
92	20	TR Technology y	23	+1	s1.6	9.3	40.2	42.7
90½	70	Do Stepp'd Pf y	70½	–½	F5.0	9.5	–	–
118	104	Do. Zero Pf y	118	.....	–	–	–	–
270	203½	Temple Bar	221	–1	†10.2	6.2	261.6	15.6
£104½	£95½	Do 6pc Cnv Ln 2002 y	£104½	.....	Q6%	5.7	–	–

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS – Contd

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
27	11	Blystad Group 1p y	11½	–½	–	–	–	14.9
764	600	Bow Valley	648	–7	40c	–	3.1	–
160	155	Brabant £1 y	155	–1	–	–	–	–
47	26	Bridge Oil	27	.....	–	–	–	–
*740	605	Brit. Borneo 10p y	620xr	+10	L21.3	1.4	4.6	18.0
245	185½	British Gas	226½	+1½	†10.5	2.0	6.3	10.0
384	302	Brit. Petroleum	335	+1	†14.9	2.2	5.9	10.2
7	3	Bula Res Ir£0.025 y	3	.....	–	–	–	–
698	437	Burmah Castrol	509	+1	†21.5	2.0	5.6	(10.1)
£88	£76¾	Do. 8½pc Ln. 91-96. y	£86½xd	.....	Q8½%	31.0	9.8	–
350	267	Cairn Energy £1 y	267	.....	–	–	–	–
16½	10½	Caspen Oil 10p y	14	.....	–	–	–	♦
420	201	Calor Group 50p	242	.....	a12.0	1.0	6.6	19.7
158	75	Century 10p	83	–1	6.0	0.8	9.6	(17.9)
£43¾	£34¼	Chevron Cpn. $3	£37¾	.....	Q$3.10	–	4.1	–
208	148	Clyde Petroleum	159	+2	1.15	1.4	1.0	–
10½	2½	Com-Tek Res. y	3½	.....	–	–	–	–
135	73	Conroy Pet 5p y	82	.....	–	–	–	–
5¼	1	Corporate Serv 2p y	2½	.....	–	–	–	–
88	33	Crossroads Oil 5p y	46	–2	–	–	–	–
53	29	Crusader 20c	31	–1	Q2.5c	2.9	3.1	11.1
13	3½	Cultus Pet. NL A25c	4	.....	–	–	–	–
32½	17	Edinburgh Oil y	18	.....	–	–	–	–
£100	£95½	ELF UK 12¼ Ln. y	£100	.....	Q12¼%	–	12.3	–
700	552	Enterprise Oil	611	+4	†13.0	1.7	2.8	(24.5)
£90⅛	£78½	Do. 10¼pc 2013. y	£87¾	.....	Q10¼%	–	12.2	–
303	187	Evergreen Res.	187	.....	–	–	–	–
286	80	Ex. Co. Louisiana 1c	88	.....	–	–	–	–
£50	£35½	Do Ser "A" Cv Pfd $1 y	£39½	.....	–	–	–	–
44	15	Do. Warrants y	15	.....	–	–	–	–
£31¼	£24⅞	Exxon	£24¾	–¼	Q$2.40	–	4.6	–
17¾	11½	Fairhaven Intl. 5c y	12	.....	Q0.1c	10.0	0.4	21.1
28	10	Firstland Oil 10p y	11	.....	–	–	–	–
24½	3¼	Gaelic Resources y	4½	–½	–	–	–	–
530	308	Global Nat Res.	362	+49	–	–	–	–
117	81	Goal Pet 5p	86	+2	1.0	0.4	1.6	–
*241	140	Gt. Western Res. A[illegible] y	143	+3	Q5.5	♦	3.8	♦
20	8	Gulfstream Res	9¾	+¼	–	–	–	–
£23¾	£15¼	Hamilton Oil Corp.	£17¾	.....	Q10c	–	0.3	–

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm [illegible]

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
7½	3	Croesus Mining N.L.	4	.....	–	–	–
34	16	Delta Gold 25c.	17	.....	–	–	–
104	27	Dominion Mining	33	+2	Q4c	♦	4.9
12	11	Doral Resources	11	.....	–	–	–
8	2	Dragon Mining	2	–1	–	–	–
88¼	42	Elders Resources	57¼	.....	aQ16.8c	2.8	10.1
164	20	Emperor Mines	28	+1	–	–	–
3	1½	Endeavour 20c.	2	.....	–	–	–
62	22	GM Kalgoorlie 5c.	28	+1½	–	–	–
86	31	Gwalia Cons. 20c.	35	.....	Q8c	1.6	8.8
78	21	Indonesian Diamond $2	40	–1	–	–	–
6½	1½	Jason Mining 20c.	2	.....	–	–	–
6	0½	Julia Mines NL	0¾	.....	–	–	–
175	75	Kidston Gld Min 20cts	83	.....	Q28c	1.0	13.0
136	40	Meekatharra 25c.	50	.....	–	–	–
125	9	Metana Minerals N.L.	14	+1	–	–	–
119	63	MIM Hldgs 50c.	63	–1	Q10c	2.0	6.4
36½	2	Moline Australia 50c	3	+1	–	–	–
6	1	Mount Burgess 20c.	1¼	+¼	–	–	–
129	40	Normandy Res NL	45	.....	–	–	–
145	75	Nth Bkn Hill Peko 50c.	88	+1	Q11c	6.5	5.7
114	70	Pancont'l 25c.	77	+1	Q3.5c	2.7	1.8
9	3	Paragon Resources NL	3	.....	–	–	–
118	58	Pasminco	60	–1	–	–	–
7	0½	Petsart Res.	0½	.....	–	–	–
170	113	Placer Pac. 30cts.	127	+3	–	–	–
18½	8	Precious Metal Aust 25c	9	.....	–	–	–
458	260	Renison 50c.	268	–6	Q34c	♦	5.1
2¼	0¾	Sanson Exploration	0¾	.....	–	–	–
303	168	Sons Gwalia NL	203	+5	sQ60c	♦	12.3
27	1¾	Southern Pacific	14	.....	–	–	–
15	2	Stockbridge Ltd.	5	.....	–	–	–
2½	0¼	Swan Res 20c.	0¼	.....	–	–	–
9	1	Tuckanarra Mins.	1	.....	–	–	–
332	152	Westn. Mining 50c.	160	–3	Q30c	♦	7.2
7½	1	Westralian Res Pen 20c	2½	.....	–	–	–

Tins

Miscellaneous

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
43	13	Greenwich Res.	18	+1	–	–	–
£10⅜	£4½	Hemlo Gold Mines	55	+¼	$Q20c	–	1.8
£14⅝	£8½	Homestake Mining $1	£9½	+¼	Q20c	–	1.0
97	46	Kells Mins. Ir5p y	46	.....	–	–	–
49½	12	Kenmare y	12	–1	–	–	–
45	17	Navan Resources y	17	.....	–	–	–
20¼	7	New Sabina Res C$1	12½	.....	–	–	–
457	55	Northgate Expl. C$1	63	–2	†	–	–
39½	2	Nor-Quest Res.	2½	.....	–	–	–
255	90	Oryx Gold Hldgs	169	.....	–	–	–
57	18	Ovoca Gold IR 2p y	18	–2	–	–	–
93	42	Plateau Mining 20p y	44	.....	–	–	–
605	392	RTZ 10p	448	–3	†18.5	2.5	5.5
14	4½	Thorco Res. Inc.	6½	.....	–	–	–
18	5	Vizcaya Hldgs 5p y	18	.....	–	–	–
178	131	Young Group 10p y	133	.....	†7.8	2.7	7.8

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and [illegible]lieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses [illegible] including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of decla[illegible] distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) [illegible] premiums (Pm –) to the current pre-closing share price. The [illegible] basis assumes prior charges [illegible] par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues [illegible]
- † Interim since [illegible] or resumed
- ‡ Interim [illegible], passed or deferred
- [illegible] to non-residents on [illegible]
- ♦ Figures or report awaited
- Not officially UK listed; [illegible] under rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Not [illegible] listed.
- Price [illegible] suspension
- ¶ Indicated dividend after pending scrip [illegible] rights issue; cover relates to previous dividend or forecast.
- ♦ Merger [illegible] or reorganisation in [illegible]
- Not comparable
- Same interim; [illegible] final [illegible] reduced earnings

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FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

[illegible]

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	75.39	75.39	80.03	-2.14	0.53
Income & Growth	5¼	51.78	52.81	56.06	-0.21	5.73
European (z)	5¼	48.99	49.32	52.35	-0.48	1.12
[illegible] American (z)	5¼	30.19	30.19	32.04	-0.6	1.64
Intl Growth(4-1)	5¼	49.80	50.88	54.01	-0.33	0.93
UK Growth	5¼	45.67	45.67	48.48	-1.37	3.57
Intl Income	5¼	41.13	41.69	44.25	-0.21	7.34
High Yield	5¼	39.73	40.34	42.82	-0.94	8.59
Charities	5¼	79.50	80.72	85.69	-0.33	7.13
Japan	5¼	32.40	32.40	34.39	-0.47	-

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 [illegible] 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-1)	6	57.87	[illegible]	[illegible]	-0.38	3.90
UK High Income	6	30.26	[illegible]	[illegible]	-0.14	6.13

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries 0705 372222 Dealing: 0705 387730

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	25.21	25.30	26.98	-0.09	1.89
(Accum Units) ♥	5¼	26.98	27.07	28.87	-0.10	1.89
Australia	5¼	136.1	136.7	145.6	+0.40	2.46
(Accum [illegible]) ♥	5¼	153.8	154.5	165.7	+0.40	2.46
Conscience	5¼	42.12	43.09	[illegible]	-0.09	1.70
(Accum Units)	5¼	44.19	45.20	[illegible]	-0.10	1.70
European	5¼	126.8	128.2	[illegible]	-1.00	1.12
(Accum Units)	5¼	[illegible]	[illegible]	[illegible]	-1.00	1.12
Extra Income	5¼	[illegible]	[illegible]	61.34	-0.71	9.96
(Accum Units)	5¼	[illegible]	[illegible]	82.23	-0.94	9.96
Far East Gth Acc ♥	5¼	[illegible]	[illegible]	98.26	-0.89	0.32
Gilt & F I	5¼	[illegible]	[illegible]	93.65	+0.08	9.34
(Accum Units)	5¼	[illegible]	[illegible]	109.1	+0.20	9.34

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: Charge made on sale of units. Used to [illegible] marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

(*) Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

■ Current Unit Trust [illegible] are available on FT Cityline. To [illegible] your free Unit Trust [illegible] Booklet ring [illegible] FT Cityline help desk on 071-925-2128

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Unit Trusts (1200)H						
Charlton Pl, Andover, Hants SP10 1RE 0264 346794						
TSB American	6	106.77	107.58	114.41	-0.19	0.77
Do Accum	6	116.71	117.56	125.06	+0.2	0.77
TSB Brit Growth	6	63.3	64.3	68.4	-0.43	4.0
Do Accum	6	69.98	71.1	75.63	-0.46	4.0
TSB European	6	63.9	64.35	68.45	-0.44	1.28
Do Accum	6	66.22	66.69	70.94	-0.45	1.28
TSB Extra Income	6	138.61	141.88	150.93	-0.68	6.21
Do Accum	6	196.04	200.67	213.47	-0.95	6.21
TSB Smaller Cos	6	37.72	39.49	42.01	-0.02	3.29
Do Accum	6	39.55	41.41	44.05	-0.01	3.29
TSB General	6	194.3	197.72	210.34	-1.35	4.22
Do Accum	6	356.21	362.48	385.61	-2.49	4.22
TSB Premier Income	5	[illegible]	41.98	43.72	-0.15	9.52
Do Accum	5	[illegible]	73.81	76.88	-0.27	9.52
TSB Income	6	[illegible]	261.77	277.94	-1.77	5.88
Do Accum	6	[illegible]	485.7	516.7	-3.29	5.88
TSB Pacific	6	[illegible]	189.71	201.81	-1.37	0.39
Do Accum	6	[illegible]	197.4	209.99	-1.42	0.39
TSB International	6	[illegible]	324.88	345.61	-1	1.47
Do Accum	6	[illegible]	416.72	443.31	-1.39	1.47
TSB Nat Resources	6	[illegible]	55.95	59.52	+0.1	1.34
Do Accum	6	[illegible]	60.7	64.57	+0.1	1.34
TSB Sictd Opps	6	[illegible]	69.7	74.14	-0.32	3.96
Do Accum	6	[illegible]	83.19	88.49	-0.38	3.96
Environmental Inv	6	[illegible]	40.43	43.01	-0.27	2.57
Do Accum	6	[illegible]	41.36	43.99	-0.28	2.[illegible]
TSB Selector	6	[illegible]	42.2	44.89	-0.23	[illegible]
Do Accum	6	[illegible]	43.48	46.25	-0.24	[illegible]
TSB High Income	6	43.67	44.27	47.09	-0.18	6.[illegible]
Do Accum	6	44.96	45.58	48.48	-0.19	6.69
TSB Intl Income	6	47.14	47.31	50.32	-0.11	7.05
Do Accum	6	47.25	47.41	50.43	(z)	7.04
TSB Selector Income	6	44.71	45.25	48.13	(z)	6.86
Do Accum	6	44.71	45.25	48.13	(z)	6.86
Target Trust Mngrs Ltd (1600)						
Target Hse, Gatehouse [illegible] Aylesbury, [illegible]						
Admin: 0296 394000 Dealing 0296 [illegible]						
American Eagle	5	[illegible]	60.63	[illegible]	-0.21	1.19
Australia	5	[illegible]	5.160	[illegible]	-4.86	4.83
Equity	5	[illegible]	139.0	[illegible]	-0.6	5.15
Euro Spec Sits	5	[illegible]	93.19	[illegible]	-0.6	0.69
Financial	5	[illegible]	24.90	26.84	-0.20	5.56
Global Opps Inc	5	[illegible]	55.38	59.58	-0.46	1.79
Global Opps Acc	5	[illegible]	56.58	60.87	-0.48	1.79
Gold & Gen Inc	5	[illegible]	35.31	38.00	-0.34	1.45
Gold & Gen Acc	5	[illegible]	66.02	71.05	-0.66	1.45
Income	5	[illegible]	87.73	94.47	-0.64	6.77
Japan & General	5	[illegible]	107.5	115.5	-0.2	0.00
Preference Share	5	[illegible]	17.00	18.30	-0.02	14.50
UK Capital	5	[illegible]	77.28	83.10	-0.53	4.20
World Income	5	[illegible]	54.39	58.57	-0.88	6.01
Worldwide Capital	5	143.5	143.5	154.5	-3.2	3.54

	Bid Price	Offer Price	+ or -	Yield Gross
[illegible] Securities Ltd				
[illegible]	97.9	97.9	+0.1	[illegible]
[illegible] Units	519.0	519.0	-0.4	[illegible]
[illegible] Dec 31	–	39.8		
MIM Ltd				
Exempt Funds				
Intl Mngd P Folio	[illegible]	1039.0	–	–
Mngd Pens (Acc)		61.4	–	–
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity † Dec 31	[illegible]	[illegible]	–	3.22
UK Small Co † Dec 31	[illegible]	[illegible]	–	2.29
Fixed Interest † Dec 31	[illegible]	[illegible]	–	8.35
US Small Co Dec 31	[illegible]	[illegible]	–	0.00
Managed Dec 31	[illegible]	101.4	–	2.59
Intl [illegible] Dec 31	[illegible]	112.7	–	8.08
Japan Dec 31	[illegible]	64.85	–	1.05
European Dec 31	[illegible]	82.15	–	1.78
Nth American Dec 31	[illegible]	88.44	–	1.60
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Dec 28	41.2	[illegible]	–	2.30
Euro Expt Dec 28	46.1	[illegible]	–	2.96
Fixed Int Ex Dec 28	43.6	[illegible]	–	11.50
Japan Expt Dec 28	38.3	[illegible]	–	0.80
Managed Ex Dec 28	38.9	[illegible]	–	5.01
SE Asia Expt Dec 28	56.6	[illegible]	–	6.70
Sm Cos Expt Dec 28	28.4	[illegible]	–	5.82
UK Eqty Ex Dec 28	36.5	[illegible]	–	5.12
Phillips & Drew Fund Management Ltd				
Small Co's Dec 5	592.63	634.6	–	5.78
Do Accum	659.2	705.8	–	5.78
Int Expt Dec 26	148.6	150.4	–	3.03
UK Index Dec 10	999.0	1019	–	6.07
Do Accum	1056	1076	–	6.07
Convertible Dec 28	80.50	83.26	–	9.2
World ex UK Index Jan 2	647.10	655.7	-1.69	2.97
Do Accum	653.4	662.15	-1.68	2.97
Japan Index Jan 2	509.8	517.30	-3.69	0.57
Do Accum	510.8	518.2	-3.68	0.57
USA Index Jan 2	775.3	[illegible]	+9.5	3.43
Do Accum	786.2	[illegible]	+9.6	3.43
European UK Index Jan 2	767.1	[illegible]	-4.36	3.06
Do Accum	779.4	[illegible]	-4.37	3.06
Pacific ex Jap Index Jan 2	713	[illegible]	-3.2	5.8
Do Accum	726	[illegible]	-3.2	5.7
Managed Exempt Dec 26	90.62	[illegible]	–	5.7
American Exempt Dec 26	107.2	[illegible]	–	4.32
European Exempt Dec 26	102.9	[illegible]	–	3.44
Japan Exempt Dec 26	99.71	100	–	0.14
Pacific Basin Dec 26	98.65	101	–	4.93

	Bid Price	Offer Price	+ or -	Yield Gross
Allied D[illegible] Assurance Plc—Contd.				
Baring Funds				
Pen Equ Cap	26.[illegible]			
Pen Equ Acc	29.[illegible]			
Pen Am Eq Cap	25.[illegible]			
Pen Am Eq Acc	28.[illegible]			
Pen Far East Cap	23.[illegible]			
Pen Far East Acc	26.[illegible]			
Pen Euro Cap	35.[illegible]			
Pen Euro Acc	39.[illegible]			
James Capel Funds				
Pen Equ Cap	25.[illegible]			
Pen Equ Acc	27.[illegible]			
Pen Am Eq Cap	24.[illegible]			
Pen Am Eq Acc	26.[illegible]			
Pen Far East Cap	24.[illegible]			
Pen Far East Acc	26.[illegible]			
Pen Euro Cap	30.[illegible]			
Pen Euro Acc	32.[illegible]			

[illegible] Life Assc [illegible]

[illegible] Rd, Bournemouth [illegible] 148.[illegible]

American Life Insurance Co UK

[illegible] Road, Croydon CR9 2LA

[illegible] Insurance Plc

[illegible] Life Assur. Co Ltd

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	89 8	94 6	-0.3	–
Pension Managed Fd	85 7	90 2	-0.4	–
Life Deposit Fd	103 4	108 8	+0 1	–
Pension Deposit Fd.	106.9	112 5	+0 1	–

National Financial Management [illegible] PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	100 4	105.7	...	–
Managed Growth	122 4	128 9	...	–
Managed Opportunity	117 6	123 8	...	–
NFMC Target Financial	88.7	93 4	...	–
Pension Funds				
Managed Cautionary	106 1	111 7	...	–
Managed Growth	125.1	131.7	...	–
Managed Opportunity	119	125.3	...	–
NFMC Target Mngd Pen	1337 9	1408.4	...	–

National Mutual Life
The Priory, Priory Pk, Hitchin. [illegible] 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	[illegible]	149.0	-0 5	–
UK Equity	[illegible]	155.1	+0 2	–
Overseas Equity	[illegible]	118.2	-2.3	–
Fixed Interest	[illegible]	140.7	-0.3	–
Property	[illegible]	133.5	-0.1	–
Index Linked	[illegible]	150 7	-0 2	–
Deposit	[illegible]	156 2	+0.3	–
With Profits (B)	[illegible]	131 1	+0.2	–

Property Equity & Life [illegible]
Baxter Ave, Southend SS2 6QH 0702 333433

	Bid Price	Offer Price	+ or -	Yield Gross
Int Man Pension Fd	149.1	156 9	...	–
Int. Man.Crncy.Bd.Fd		144 8	...	–
Int Man Crncy Bd Fd(c)		131.3	...	–
Flexible Prop Bd. Fd		201.3	...	–
Flexible Money Bd. Fd		366.4	...	–
Special Man Inc. Fd.		133 5	...	–

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	139 0	147 0	...	–
Accum Equity	196.0	207.0	...	–
Accum Managed	199.0	210 0	...	–
Accum Five Star	150.0	158.5	...	–
Accum World	107.5	113.5	...	–
Accum Lifetime	101.4	101.4	...	–
Pens Acc Equity	205.5	217 0	...	–
Pens Acc Managed	236 0	249 0	...	–
Pens Acc Intl	167.5	177 0	...	–
Pens Acc Deposit	188.5	199.0	...	–
Pens Acc Five Star	158.5	167 0	...	–

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	195.9	206 7	-0 8	–
UK Fixed Int Acc	165.1	174.2	-0.1	–
Intl Equities Acc	149.4	157.6	-1.0	–
UK Managed Acc	155.1	163.6	-0 6	–
Property Acc	223.7	236.0	+0 1	–
Money Acc	124.3	131 2	...	–
Special Market A[illegible]	120 1	126.7	+0 5	–
Japan Equity Acc	86.3	91 1	...	–

Royal Heritage Life Assurance [illegible]
20 Clifton St, EC2A 4HX 071-920 0202/0733 262524

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth	454.2	478.1	..	–
Multi Gwth "A"	362 6	381 7		–
Op Prop.	624 8	657 1	-1.1	–
Op Equity	380 6	400 7	-0 5	–
Op High Yld	483 0	508 5	-0.5	–
Op Man.	317 7	334.5		13 75
Op Dep.	171 5	180.6	-0.6	10 13
Op Inc Dist	251 8	265 1		–
Op Itn Man.	231 5	243 7	-0 1	–
Op Emerging Co's				
Pension Funds				
Property Ser B	715 8	753.5	-3.8	–
Equity Ser B	1699 6	1789.1	-0 9	–
Fixed Interest Ser B	688.8	725 1	-1.8	–
[illegible]	885.5	932.2	...	–
[illegible]	636 3	669 8		–
[illegible]	183 6	183.6	-0 3	–
[illegible]	114 8	114 8	-0.2	–
[illegible] Ser D.	170.7	170.7	-0.2	–
[illegible]	113 2	113.2		–
[illegible]	188 6	188 6	...	–
[illegible] Fund	122.3	128 8		–
[illegible] Fd.	95.0	100 0	..	–
IMC Pen SB Ser B	95 0	100.0	...	–
Pension Unit Trust Funds				
Gartmore Global Ser B	135 6	142 8	-1.4	–
Gartmore NA Ser B.	73.9	77 8	-1.3	–
Gartmore Pacific Ser B	204 6	215.4	-2.7	–
Henderson Acc Ser B	160 7	169 2	-1.1	–
Perpetual Mng Ser B.	158 4	166.8	-0 7	–
Framlington Mn Ser B	145 5	153 2	-0 9	–
[illegible] Mngd Ser B	179 2	188 7	-0.3	–
[illegible] Euro Ser B	133.3	140 4	-0 2	–
[illegible] Global Ser D.	86 0	86 0	-0 9	–
[illegible] NA Ser D	84 5	84.5	-1.5	–
[illegible] Ser D.	108 4	108.4	-1 4	–
[illegible] Ser D.	119 9	119.9	-0 8	–
[illegible] Ser D.	116.8	116.8	-0 5	–
Framlington Mn Ser D	117.3	117 3	-0.7	–
Gartmore Mngd Ser D	148.6	148.6	-0 2	–
Gartmore Euro Ser D	102 8	102 8	-0 2	–

Scottish Provident Institution
6 St Andrews Sq, Edinburgh 031-556 9181

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	174.7	184.0		–
Equity	180 8	190 4		–
International	172 6	181 8		–
Property	214 2	225 6		–
Fixed Interest	151 2	159 3		–
Index-linked	136 3	143 6		–
Cash	153 6	161.8		–
Americas Performance	79 3	83 6		–
Europe Performance	78.1	82 3		–
Far East Performance	61 3	64 6		–
Worldwide Performance	65 9	69 50		–
Blue Chip	94 6	99 6		–
Pens Managed Ord	202.[illegible]	213 0		–
Pens Equity Ord	213.[illegible]	224 5		–
Pens International Ord	193 4	204 2		–
Pens Property Ord.	258 5	272 2		–
Pens Fxd Interest Ord	189 9	200 0		–
Pens Index-lkd Ord	146.0	153 8		–
Pens Cash Ord.	200.3	210 9		–
Pens American Perf Ord	77 4	81 6		–
Pens Europe Perf Ord	70 4	74 3		–
Pens Far East Perf Ord	65 9	69 5		–
Pens W'wide Perf Ord	68 7	72 4		–
Pens Blue Chip Ord	89 6	94 4		–
Pens [illegible] Sec Ord	151 3	159 4		–

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

	Bid Price	Offer Price	+ or -	Yield Gross
Inv Pol 1 Dec 31	634 2	634 2		–
Inv Pol 2 Dec 31	581 6	612.3		–
Inv Pol 3 Dec 31	560 4	590.0		–
Inv Pol Cash Ser 2 Dec 31	249 6	262 9		–
Inv Pol Cash Ser 3 Dec 31	247 9	261 0		–
Mixed Fund	317 2	333 9	(z)	–
Equity Fund	375 8	395 7	(z)	–
Property Fund	220 3	232 0	(z)	–
International Fund	302 7	318 7	(z)	–
Fixed Int. Fund	236 9	249 5	(z)	–
Index Stk Fd	149.7	157 70	(z)	–

Sun Life of Canada –Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Plans				
Pers. Pens. Account		1147 8		–
Pens Mngd Acc–Fd Accm.	534 0	562 1		–
Pens Equity Fd Acc.	203 9	214 6		–
Pens Prprty Fd Acc.	206 7	217 6		–
Pens Fixed Int Fd Acc.	177 6	186 9		–
Pens Int Fd Acc	130 2	137 1		–
Pens. Money Fd Acc	177 7	187 0		–
Pens Ind-linkd Sec Acc	145 6	153 3		–
Pens. Gtd Fd Acc	174 4	183 6		–
Uni Pens Mgd Acc Fd Acc	119 4	125 7		–
Uni Pens Equity Fd Acc	119 9	126 2		–
Uni Pens Proprty Fd Acc	146 2	153 9		–
Uni Pens Fixed Int Fd Acc	120 0	126 3		–
Uni Pens Int. Fd Acc	103 6	109 1		–
Uni Pens Money Fd Acc	133.8	140 8		–
Uni Pens Ind Lnkd Sec Acc	137 9	145 2		–
Uni Pens Gtd Fd Acc	133 8	140 8		–

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Acc	552 0	581 4	-1 8	–
Property Acc	306 0	322 2	+0 2	–
Equity Acc	861 7	907 2	-3 7	–
Fixed Interest [illegible]	253 3	266 7	+0 4	–
Cash Acc	250 0	263 2	+0 2	–
International Acc	307 0	323 2	+0 4	–
Distribution	221 7	233 4	-0 8	8 11
American Equity Acc	205 7	216 6	-0 4	–
Far Eastern Acc	378.6	398 6	-3 0	–
Index-Linked Acc	146 3	154.1	-0.1	–
Japan Acc	220 7	232 4	-0 8	–
Pacific Acc	139 1	146 5	-2 1	–
European	113.5	119 5	-1 0	–
Anniversary Bond		92 3	-0.7	–
Gtd Distribution	103.8	109 3		–
Sun Life Pensions Management Ltd				
(funds for individual pension contract)				
Pens. Managed Acc	679 9	715 7	-2.8	–
Pens Property Acc	286 6	301 7	-0.3	–
Pens. Equity Acc	1046 7	1101.8	-5 6	–
Pens. F. Interest Acc.	288 8	304 0	+0.5	–
Pens. Cash Acc	313.5	330 0	+0.2	–

Albany International Assurance Ltd
St Mary's, Castletown, Isle of Man 0624 823262

	Bid Price	Offer Price	+ or -	Yield Gross
Global Sterling Fd		£0.930	-0.003	–
UK Sterling Fd		£0 890	-0.014	–
European Sterling Fd.		£0 988	-0 012	–
Japan Sterling Fd		£0 632	...	–
Nth American Sterling		£0.940	-0.001	–
Pacific Basin Stlg.		£0.625	-0.006	–
U K. Blue Chip Stlg		£1.098	-0.008	–
Active Money Sterling		£1 291		–
Gtd Money Sterling		£1 508	+0.002	–
Global Dollar Fd		$0.937	+0.005	–
UK Dollar Fd		$1 012	+0.012	–
European Dollar Fd		$1 121	+0 014	–
Japan Dollar Fd		$1 077	+0.002	–
Nth American Dollar Fd.		$1 114	...	–
Pacific Basin Dollar		$0.712	+0.001	–
Active Money Dollar.		$1 241	+0 010	–
Gtd Money Dollar		$1 320	+0.001	–
YRA Global Fd		£0 708	+0.004	–
PIM Fd.		£0 879	+0 008	–
Navigator Fd		£1 131	+0 005	–

CMI Insurance Co Ltd
Clerical Medical Hse, Douglas I O M 0624 625599

	Bid Price	Offer Price	+ or -	Yield Gross
Income Fd £	£0 6130	0 6550	-0 001	–
Security Fd £	£0 5110	0 5460	-0 004	–
Balanced Fd £	£0 4960	0 5200	+0 001	–
Opportunity Fd £	£0 4750	0 5080	-1.4	–
Income Fd $	$0 55[illegible]	0.5910	+0.001	–
Security Fd $	[illegible]	0 5810	+0 001	–
Balanced Fd $	[illegible]	0 6270	+0.002	–
Opportunity Fd $	[illegible]	0 6550	+0 003	–
Japan Tracker	[illegible]	0 462	+0 002	–
US Tracker	[illegible]	0 565	...	–
UK Tracker	[illegible]	0 464	...	–
Broker Bond Funds				
DAIA International	[illegible]	1.126	...	–
Edwin Hargitt				
Expatriate Fd	£0 523	0 557	+0 001	–
Fidelity Gwth & Inc.	£0 393	0 420	...	–
Fidelity Growth	£0 364	0 389	-0.001	–
Fidelity Defensive	£0 499	0.533	-0 001	–
Global Inc & Growth				
Hughes Int Blncd Gth £	£0.520	0.556	..	–
Hughes Int Blncd Gth $	$0 464	0 496	..	–
Prestige Asset	£0.438	0 472	..	–
[illegible]	£0.413	0.440	..	–

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To [illegible] your [illegible] Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Prime cuts depress dollar

THE DOLLAR weakened after several large US banks announced a cut in prime lending rates by ½ point to 9½ per cent. The reduction followed the recent easing of the Federal [illegible] monetary [illegible] and is a further indication of the weak state of the US [illegible]omy.

This weakness was highlighted again yesterday by [illegible] the National Association of Purchasing [illegible] (NAPM) [illegible] fell [illegible] November [illegible] 40.4 from 41.3. This was the sixth consecutive monthly decline, taking the figure to its lowest level since the bottom of the [illegible] recession in November [illegible]. A reading [illegible] per cent indicates that the manufacturing sector of the economy is generally declining.

According to NAPM [illegible] averaged 41.7 per cent in the fourth quarter of last year, indicating a fall in gross national product growth.

On the other hand the threat of war in the Gulf provided underlying support for the dollar, in a sluggish market [illegible] to [illegible] full trading volume [illegible] end of year holiday period. The closure of Japanese markets until [illegible] contributed to a general [illegible] activity.

At the London close the dollar had fallen [illegible] DM1.4900 from DM1.4950; to Y134.50 from Y134.65; [illegible] SFr1.2620 from SFr1.2750; and [illegible] FFr5.0725 from FFr5.0875. On Bank of England figures the dollar's index declined to 61.1 from 61.4.

Sterling [illegible] helped by interest rate trends. Wholesale [illegible] firmer in London after Mr Norman Lamont, UK chancellor of the exchequer, indicated that [illegible] overriding influence on rate movements will [illegible] sterling's position in the European M[illegible] System. He also ruled out any change in the pound's central rate against the D-Mark or an early move [illegible] the [illegible] band of fluctuation within the EMS [illegible] rate mechanism.

This assertion, coupled with the cut in US prime [illegible] and expectations that the German Bundesbank will leave its credit policies unchanged at today's council meeting [illegible] provided support for the pound. Sterling rose 1.25 cents [illegible] $1.9425. It also improved to DM2.8950 from DM2.8850 and to [illegible] from FFr9.8200, but eased to SFr2.4525 from [illegible] and to Y261.25 from Y261.75. The pound's index gained 0.1 [illegible] 93.8.

Within the ERM sterling remained the weakest currency, but improved slightly. Dealers [illegible] the D-Mark did not gain any significant benefit over its ERM partners from lower US rates. It was suggested that fear of instability in the Soviet Union [illegible] weighing on the D-Mark.

In Milan the D-Mark fell to L753.70 from L754.40 at the fixing, without any intervention from the Bank of Italy. At [illegible] Paris fixing the D-Mark [illegible] little changed [illegible] FFr3.4022 compared with FFr3.4025 at the previous fix last Friday.

£ IN NEW YORK

Jan.2	Latest	Previous Close
£ Spot	1.9410-1.9420	1.9320-1.9330
1 month	1.10-1.08pm	1.12-1.09pm
3 months	3.04-3.00pm	5.03-4.97pm
12 months	9.45-9.35pm	8.60-8.45pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

	£	$
Korea(Sth)	1369.10 - 1391.20	713.60 - 719.20
Kuwait	N/A	N/A
Luxembourg	59.80 - 59.90	30.75 - 30.85
Malaysia	5.2435 - 5.5520	2.7065 - 2.7085
Mexico	5724.00 - 5728.00	2949.00 - 2950.00
N.Zealand	3.2690 - 3.2740	1.6850 - 1.6875
Saudi Ar.	7.2130 - 7.2545	3.7490 - 3.7510
Singapore	3.3675 - 3.3751	1.7415 - 1.7435
S.Af (Cm)	4.9365 - 4.9490	2.5440 - 2.5470
S.Af (Fn)	6.4990 - 6.6105	3.3500 - 3.4075
Taiwan	52.55 - 52.65	27.10 - 27.15
U.A.E.	7.0650 - 7.1055	3.6720 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 2	% change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.389	-2.43	3.86	42
D-Mark	2.05586	2.04372	-0.59	1.94	40
Belgian Franc	42.4032	42.1944	-0.49	1.84	26
Dutch Guilder	2.31643	2.30567	[illegible]	1.81	25
Italian Lira	1538.24	1539.95	0.11	1.22	-4
Irish Punt	0.767417	0.768315	0.12	1.22	-3
Danish Krone	7.84195	7.87374	0.41	0.93	-17
French Franc	6.89509	6.95237	[illegible]	0.50	-43
Sterling	0.696904	0.706217	1.34	0.00	-26

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9270 - 1.9460	1.9420 - 1.9430	1.11-1.09cpm	6.80	3.03-3.00pm	6.21
Canada	2.2425 - 2.2510	2.2460 - 2.2470	0.61-0.52cpm	3.02	1.52-1.38pm	2.58
Netherlands	3.2545 - 3.2725	3.2625 - 3.2725	1½-1¼cpm	5.05	3⅝-3⅜pm	4.28
Belgium	59.40 - 59.90	59.80 - 59.90	25-19cpm	4.41	62-52pm	3.81
Denmark	11.1065 - 11.1800	11.1700 - 11.1800	3¼-3⅛orepm	3.83	9⅛-8⅛pm	3.20
Ireland	1.0820 - 1.0925	1.0880 - 1.0890	0.33-0.25pm	3.2	0.74-0.59pm	2.44
Germany	2.8875 - 2.8975	2.8925 - 2.8975	1¼-1⅛pfpm	5.18	3¼-3pm	4.32
Portugal	255.60 - 258.95	257.45 - 258.45	128-66cpm	4.98	110-31pm	1.09
Spain	183.75 - 184.90	184.20 - 184.50	4-14cdis	-0.59	26-45dis	-0.77
Italy	2174.90 - 2182.00	2179.00 - 2180.00	6-3lirepm	2.48	11-7pm	1.65
Norway	11.3130 - 11.3875	11.3775 - 11.3875	3½-2⅝orepm	3.03	6½-6pm	2.22
France	9.8280 - 9.8575	9.8475 - 9.8575	3⅝-3⅛cpm	4.26	9-8½pm	3.58
Sweden	10.8415 - 10.9075	10.8975 - 10.9075	½-¼orepm	0.34	par-½dis	-0.09
Japan	260.20 - 262.60	260.75 - 261.75	1⅛-1⅛ypm	6.03	3⅛-3⅝pm	3.65
Austria	20.28 - 20.37	20.28 - 20.31	9⅛-7⅛gropm	4.99	23½-20½pm	4.30
Switzerland	2.4455 - 2.4575	2.4475 - 2.4575	1¼-1⅛cpm	5.81	3⅛-2⅝pm	4.89
Ecu	1.4070 - 1.4105	1.4075 - 1.4100	0.48-0.44cpm	3.92	1.92-1.83pm	5.32

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.50-5.45cpm. 12 Month 9.50-9.40cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9270 - 1.9460	1.9420 - 1.9430	1.11-1.09cpm	6.80	3.03-3.00pm	6.21
Ireland†	1.7770 - [illegible]	1.7835 - 1.7845	0.52-0.47cpm	3.33	1.67-1.57pm	3.63
Canada	1.1565 - [illegible]	1.1570 - 1.1580	0.35-0.38cdis	-3.78	1.04-1.09dis	-3.68
Netherlands	1.6745 - [illegible]	1.6810 - 1.6820	0.23-0.26cdis	-1.75	0.72-0.76dis	-1.76
Belgium	30.65 - [illegible]	[illegible] - 30.85	5.00-8.00cdis	-2.53	15.00-21.00dis	-2.34
Denmark	5.7385 - [illegible]	[illegible] - 5.7950	1.30-1.50oredis	-2.92	3.95-4.55dis	-2.96
Germany	1.4835 - [illegible]	[illegible] - 1.4905	0.18-0.20pfdis	-1.53	0.66-0.69dis	-1.81
Portugal	132.70 - [illegible]	132.95 - 133.05	10-30cdis	-1.80	150-190dis	-3.11
Spain	94.70 - [illegible]	95.20 - 95.30	54-59cdis	-7.12	162-175dis	-7.08
Italy	[illegible] - 1129.50	1121.75 - 1122.25	3.50-4.20liredis	-4.12	12.20-13.50dis	-4.58
[illegible]	[illegible] - 5.8800	[illegible] - 5.8625	1.70-1.95oredis	-3.74	5.60-6.00dis	-3.96
[illegible]	5.0500 - 5.1000	[illegible]	1.00-1.05cdis	-2.42	3.32-3.42dis	-2.66
Sweden	5.5900 - 5.6335	[illegible]	2.90-3.05oredis	-6.36	8.60-9.00dis	-6.27
Japan	133.75 - 136.15	[illegible]	0.05-0.08ydis	-0.58	0.19-0.22dis	-0.61
Austria	10.4650 - 10.5490	10.4875 - [illegible]	1.70-3.00grodis	-2.69	4.20-6.20dis	-1.98
Switzerland	1.2570 - 1.2775	1.2615 - [illegible]	0.11-0.15cdis	-1.24	0.37-0.43dis	-1.27
Ecu	1.3750 - 1.3775	1.3750 - 1.3760	0.34-0.32cpm	2.88	1.06-1.04pm	3.05

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan 2	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE EUROMARK OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

US TREASURY BONDS (CBT) 8%

JAPANESE YEN (IMM)

DEUTSCHE MARK (IMM)

U.S. TREASURY BILLS (IMM)

THREE-MONTH EURODOLLAR

STANDARD & POORS 500 INDEX

6% NOTIONAL GERMAN GOVT. BOND

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND

THREE MONTH STERLING

THREE MONTH EURODOLLAR

THREE MONTH EUROMARK

THREE MONTH ECU

FT-SE 100 INDEX

POUND-$ (FOREIGN EXCHANGE)

PHILADELPHIA SE £/$ OPTIONS

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

OPTION ON LONG-TERM FRENCH BOND (MATIF)

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

CAC-40 FUTURES (MATIF) Stock index

BASE LENDING RATES

MONEY MARKETS

Short sterling falls

INTEREST RATES were firmer and prices of short sterling futures weakened after Mr N[illegible] Lamont, UK chancellor of the Exchequer, [illegible] will be [illegible] a level consistent with Britain's obligations within the EMS exchange rate mechanism.

The pound remained at the [illegible] of the ERM yesterday, [illegible] had a slightly firmer [illegible] following Mr Lamont's remarks in an interview with [illegible] Financial Times.

UK clearing bank base lending rate 14 per cent from October 8, 1990

In the cash market three-month sterling [illegible] firmed [illegible] 14⅛-14 per cent from 14¹⁄₁₆-14. The Liffe March short sterling opened [illegible] at 87.51 and quickly fell through technical support at 87.48. A sharp rise in prices last October, [illegible] of the last base rate cut, has left the contract without further strong support until the 87.20 level, [illegible] yesterday's fall took the price down to a low of 87.18, before it recovered slightly [illegible] at 87.21 compared with 87.53.

The Bank of England initially forecast a money market credit shortage of £600m. This was revised to £550m at [illegible] and [illegible] £600m again in the afternoon.

Total help of £554m was provided. Before lunch the [illegible] bought £360m bills outright, by [illegible] £10m bank bills in band 1 at 13¾ per cent and [illegible] bank bills in band 2 at 13¾ per cent. In the afternoon another £194m bills were purchased, via £6m bank bills in band 1 at 13¾ per cent, £15m local authority bills in [illegible] 13¾ per cent and £173m bank bills in band 2 [illegible] per cent.

[illegible] maturing in official hands, repayment [illegible] and a take-up of Treasury bills [illegible] £609m, with bank balances below target absorbing £130m. These outweighed exchequer [illegible] £70m to liquidity and a [illegible] in the [illegible] circulation [illegible].

In Paris the Bank of France left its money market intervention rate at [illegible] per cent when injecting funds at a [illegible] repurchase tender.

In Amsterdam the Dutch Central Bank added liquidity to the [illegible] market, via five-day special advances, at an unchanged 8.90 per cent.

In Frankfurt call money was steady at [illegible] per cent, [illegible] of today's meeting of the Bundesbank council. Despite recent speculation about higher German [illegible] the market [illegible] not [illegible] a [illegible] today.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.2) 3 months US dollars; 6 months US Dollars

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque [illegible] and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,432 Set by VIXEN

ACROSS

1 [illegible] – as usual (8)
5 [illegible] in the cashless society? (6)
9 Grit. This is the making of a Tory! (8)
10 She is on after [illegible] everyone (6)
12 The meeting's [illegible] over by the way (9)
13 There may be few (5)
[illegible] a little aged gentleman displaying a [illegible] irritability (4)
[illegible] Side-view for the record (7)
[illegible] trade tariff affected a large number (7)
21 A service [illegible]
24 Post back with little [illegible] (5)
25 [illegible] question [illegible] head [illegible] good [illegible] (9)
27 Georgia [illegible] giving lead (6)
28 Favour [illegible] pressing a suit (8)
29 Married guys [illegible] plenty of [illegible]
30 [illegible] for gold perhaps with [illegible] chance of success [illegible]

DOWN

1 Made a hit, so [illegible] stop working (6)
2 Silver for garnet setting [illegible]
3 [illegible] the party wanted the same again (5)
4 Book an [illegible] player (7)
6 Family accounts [illegible]
[illegible] Abstracted, which [illegible] of [illegible] underworld [illegible]
8 [illegible] care [illegible] wild deer (8)
11 Bound [illegible] provide grassland parking (4)
15 Respect [illegible] by guard surrounding Her Majesty (9)
17 [illegible] (8)
18 [illegible] over unkind [illegible]
20 Firm [illegible] that [illegible] a stunning effect (4)
21 Many a junior is idle (7)
22 Censure a worker accommodating a renegade (6)
23 A quarter-cent rise (6)
26 The [illegible]aste is very great among [illegible]

Solution to Puzzle No.7,431

FAGGOT SRILANKA
LENDER THINKERS
TYROLEAN MUSLIM
PLUM LASTOUT
NOWHERE FREE
FLESHY BEANPOLE
CONCERTO GROSSO
TOBESEEN SKINNY

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | FRANCE (continued) | GERMANY | GERMANY (continued) | ITALY | ITALY (continued) | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | MALAYSIA | SINGAPORE

[illegible]

CANADA

TORONTO
2pm prices January 2

[illegible]

f – No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Dec. 31	Dec. 28	Dec. 27	Dec. 26	1990/1 HIGH	1990/1 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2633.66	2629.21	2625.50	2637.13	2999.75 (16/7/90)	2365.10 (11/10/90)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	91.57	91.60	91.54	91.40	93.04 (3/1/90)	88.44 (24/9/90)	95.51 (9/2/87)	54.99 1/10/81)
Transport	910.23	911.54	913.42	922.23	1212.77 (6/6/90)	821.93 (17/10/90)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	209.70	210.07	210.45	211.33	236.23 (2/1/90)	190.96 (24/8/90)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2641.09 (2639.11) Low 2611.14 (2607.92)

STANDARD AND POOR'S

	Dec. 31	Dec. 28	Dec. 27	Dec. 26	1990/1 HIGH	1990/1 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	330.22	328.72	328.29	330.85	368.95 (16/7/90)	295.46 (11/10/90)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	387.42	386.26	384.38	387.09	437.37 (16/7/90)	346.86 (11/10/90)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.43	23.36	23.47	23.88	31.87 (3/1/90)	18.80 (29/10/90)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	180.49	179.65	179.48	180.60	201.13 (16/7/90)	162.20 (11/10/90)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	308.11	304.65	303.67	304.99	382.45 (5/1/90)	288.07 (30/10/90)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	373.84	371.20	371.05	372.40	469.60 (16/7/90)	325.44 (16/10/90)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec. 28	Dec.21	Dec.14	year ago (approx.)
Dow Industrial Div. Yield	3.92	3.92	3.97	3.87

	Dec. 26	Dec.19	Dec.12	year ago (approx.)
S & P Industrial div. yield	3.31	3.32	3.31	2.90
S & P Indl P/E ratio	15.92	15.88	15.89	14.51

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Oxy Petr	1,704,600	18⅞	-⅞
Mesa	1,475,300	3	+¼
Citicorp	1,471,500	12⅞	-⅛
Navistar	1,142,800	2¼	+⅛
Bank N.Eng.	1,052,500	⅜	...
Unisys	1,032,600	2½	-⅛
Pan Am	979,300	1⅛	+⅛
Ford Motor	956,000	26⅝	-⅛
AT & T	931,000	30⅛	+⅛
USF & G	900,900	7½	+⅝

TRADING ACTIVITY

† Volume Millions	Dec. 31	Dec. 28	Dec. 27
New York	114.130	111.040	102.900
Amex	15.130	12.276	9.359
NASDAQ	128.874	132.328	102.724
Issues Traded	(u)	2,017	2,001
Rises	1,022	706	586
Falls	571	788	905
Unchanged	(u)	523	510
New Highs	(u)	22	13
New Lows	(u)	52	41

CANADA

TORONTO	Dec. 31	Dec. 28	Dec. 27	Dec. 26	1990 HIGH	1990 LOW
Metals & Minerals	2739.70	2727.00	2742.94	(c)	3453.05 (4/1)	2486.60 (8/11)
Composite	3256.80	3237.46	3233.69	(c)	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1726.13	1712.79	1713.97	(c)	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1990-91 HIGH	1990-91 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1285.8	(c)	1279.8	1280.7	1713.7 (12/1/90)	1270.7 (24/12/90)
All Mining (1/1/80)	590.4	(c)	584.0	586.7	860.8 (5/1/90)	578.5 (19/12/90)
AUSTRIA						
Credit Aktien (30/12/84)	424.61	(c)	440.06	443.87	703.29 (19/3/90)	400.98 (25/9/90)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	4913.94	(c)	4963.81	4934.35	6599.43 (12/1/90)	4913.94 (2/1/91)
DENMARK						
Copenhagen SE (3/1/83)	305.06	(c)	314.80	315.00	388.29 (20/7/90)	305.06 (2/1/91)
FINLAND						
Unitas General (1975)	387.9	(c)	395.6	396.6	677.3 (23/1/90)	387.9 (2/1/91)
FRANCE						
CAC General (31/12/82)	408.99	(c)	413.04	415.83	564.62 (30/5/90)	408.99 (2/1/91)
CAC 40 (31/12/87)	1505.10	(c)	1517.93	1528.90	2129.32 (20/4/90)	1485.39 (25/9/90)
GERMANY						
FAZ Aktien (31/12/58)	591.18	(c)	603.86	610.65	832.32 (19/7/90)	569.69 (28/9/90)
Commerzbank (1/12/53)	1668.9	(c)	1701.2	1726.1	2414.0 (3/4/90)	1628.7 (28/9/90)
DAX (30/12/87)	1366.10	(c)	1398.23	1410.87	1968.55 (30/3/90)	1334.89 (28/9/90)
HONG KONG						
Hang Seng Bank (31/7/64)	3031.34	3024.55	3053.73	3066.71	3559.89 (23/7/90)	2738.24 (1/2/90)
IRELAND						
ISEQ Overall (4/1/88)	1181.66	1201.77	1195.47	(c)	1893.10 (22/1/90)	1181.66 (2/1/91)
ITALY						
Banca Com. Ital. (1972)	514.70	516.57	519.42	519.24	763.52 (14/6/90)	500.67 (29/11/90)
JAPAN						
Nikkei (16/5/49)	(c)	(c)	23848.71	23948.70	38712.88 (4/1/90)	20221.86 (1/10/90)
Tokyo SE (Topix) (4/1/68)	(c)	(c)	1733.83	1740.55	2867.70 (4/1/90)	1523.43 (1/10/90)
2nd Section (4/1/68)	(c)	(c)	2711.15	2722.06	4477.16 (16/7/90)	2711.15 (28/12/90)
MALAYSIA						
KLSE Composite (4/4/86)	501.23	505.92	500.88	500.72	632.22 (1/8/90)	459.08 (28/9/90)
NETHERLANDS						
CBS Tot.Rtn.Gen.(End 1983)	229.3	(c)	229.6	231.3	271.9 (20/7/90)	225.6 (8/11/90)
CBS All Shr (End 1983)	168.1	(c)	168.3	169.5	206.3 (3/1/90)	165.6 (8/11/90)
NORWAY						
Oslo SE (Ind) (2/1/83)	674.25	(c)	677.01	661.82	915.13 (2/8/90)	649.23 (21/12/90)
PHILIPPINES						
Manila Comp (2/1/85)	628.89	(c)	651.78	651.65	1160.70 (21/3/90)	514.80 (5/10/90)
SINGAPORE						
SES All-Singapore (2/4/75)	321.20	(c)	323.28	321.60	446.87 (16/7/90)	301.45 (11/10/90)
SOUTH AFRICA						
JSE Gold (28/9/78)	1265.0	(c)	1201.0	1201.0	2230.0 (16/1/90)	1111.0 (18/12/90)
JSE Industrial (28/9/78)	3007.0	(c)	3018.0	3003.0	3211.0 (6/2/90)	2640.0 (1/10/90)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	(c)	(c)	(c)	928.82 (4/1/90)	566.27 (17/9/90)
SPAIN						
Madrid SE (30/12/85)	220.39	(c)	223.25	222.15	309.74 (16/7/90)	209.37 (28/9/90)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	835.60	(c)	870.00	856.0	1329.9 (5/7/90)	815.6 (27/11/90)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(c)	(c)	628.5	629.9	845.5 (13/7/90)	613.4 (28/9/90)
SBC General (1/4/87)	(c)	(c)	520.1	520.6	698.2 (13/7/90)	510.4 (26/11/90)
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	(c)	4530.16	12495.34 (10/2/90)	2560.47 (1/10/90)
THAILAND						
Bangkok SET (30/4/75)	594.95	(c)	612.86	603.81	1143.78 (25/7/90)	544.30 (30/11/90)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	463.2*	461.5	461.8	458.5	571.0 (4/1/90)	423.1 (28/9/90)

**Saturday December 29: Taiwan Weighted Price: (c) Korea Comp Ex. (c)
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3pm prices January 2

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
36⅞	9⅛	AAR	.48	4.3	9	567	11½	11	11⅛	-⅛
9¼	7¼	ACM n1.03e		12.		232	9	8⅞	8⅞	
11⅛	8¾	ACMIn	1.26	12.		2276	10⅝	10½	10⅝	
9⅛	6½	ACM M n1.01		13		568	7⅞	7⅛	7⅛	-⅛
12⅛	10	ACMMM	1.50	13.		142	12	11⅞	11⅞	-⅛
11½	8⅜	ACM Sc1.25		13.		1767	10⅛	9⅞	10	
9⅞	7¼	ACMSp	1.01	12.		191	8½	8⅜	8½	+⅛
25½	17	AL Lab	.16	.6	21	530	u25¾	25⅜	25⅜	
4½	1	AM Intl				396	1¼	1⅛	1⅛	-⅛
18⅞	4⅝	AM In pf	2	27.		42	7½	7	7½	+½
70¼	39¼	AMR			14	2898	49⅜	48⅛	48½	+⅛
4	1⅜	ARX				3	1½	1½	1½	
72¼	38¼	ASA	3	6.6		1449	46½	45⅜	45⅜	-1½
3½	1⅞	ATTC wi				108	2⅜	2⅜	2⅜	+⅛
46⅞	37¾	AbtLab s.84		1.9	20	7024	44⅞	43½	43½	-1½
14	10¼	Abitibi g	.50			109	10½	10½	10½	+¼
11⅝	4½	AcmeC	.40	8.0	11	140	5¼	4⅞	5	+¼
9⅞	5	AcmeE	.32	6.2	9	23	5⅛	5	5⅛	
32⅞	18⅞	Acuson s			21	1016	26⅝	25¼	25⅞	-1⅛
16⅞	14⅛	AdaEx	1.72e	12.		103	14⅞	14⅝	14⅞	
14⅞	9⅛	Adobe				161	9⅛	d 8⅞	8⅞	-⅛
20¼	15	Adob pf	1.84	11.		11	17⅛	17	17⅛	+⅛
21⅝	19¼	Adob pf	2.40	12.		1	19⅝	19⅝	19⅝	+⅛
11⅞	3⅝	AMD				2481	5¼	4	5	+⅛
32⅞	13	AMD pf	3	16.		220	18⅞	18	18⅞	+⅞
7⅝	1⅝	Advest	.16	5.6		38	3	2⅞	2⅞	+⅛
56⅞	29	AetnLf	2.76	7.3	8	2167	39⅛	37¼	37¼	-1⅛
12⅛	6⅛	AhPb	.24	2.9		158	8¼	8	8½	
22½	10⅝	Ahmans	.88	6.7	5	7424	13½	12⅞	13⅛	-⅛
81	42⅞	AirPrd	1.44	2.6	13	595	55⅛	54⅞	54⅞	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 29

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25¾	19⅝	RBSct pr2.81e		13.		50	22½	22¼	22⅜	+ ⅛
87	70½	RoylD 4.25e		5.4	12	2338	78⅞	78⅜	78½	− ⅛
9⅞	7	Royce	.29e	3.6		106	8¼	8	8⅛	
45	33	Rubmd	.60	1.4	24	1140	42⅝	41⅞	42⅝	+ ⅛
18⅛	13¾	RussBr	.60a	4.1	13	20	14¾	14⅝	14¾	− ⅛
11¼	4½	RussTg	.20j			77	5½	5⅜	5½	− ¼
31	16	Russell	.32	1.4	14	220	22⅞	22½	22⅝	
23¾	12¾	Ryder	.60	4.1	14	672	15	14⅝	14⅝	− ¼
24¾	14¾	Rykoff	.60	3.7	16	52	16¼	16	16⅛	+ ½
22	9½	Ryland	.60	3.8	6	282	16¼	15½	15⅝	− ⅜
11⅞	3¾	Rymer				25	6⅛	6	6¼	+ ⅛
		− S − S − S −								
40¼	33½	SCEcp	2.64	7.1	11	3006	37⅞	37⅜	37⅜	− ½
14⅞	8⅞	SCOR U	.20	1.6	12	61	12¼	12	12¼	− ⅛
8	3⅞	SL Ind	.17b	4.0	66	34	4¼	4¼	4¼	

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		− X − Y − Z −								
39⅞	29	Xerox	3	8.2	7	4347	36¾	35¼	36⅝	+ ⅞
47⅞	41¼	Xerox pf				5	43	43	43	− 1
22⅛	13	XTRA	.72	4.7	7		15¼	15⅛	15¼	
25	12½	XTRA pf1.94		13.		24	14⅝	14⅝	14⅝	+ ¼
3⅝	5-16	Zapata				1244	15-16	9-16	15-16	+ 7-16
13⅝	4	ZenithE				275	6¼	6½	6½	− ⅛
18⅞	9⅞	ZenNtl	1	7.4	9	174	13⅝	13½	13½	− ⅛
7½	4⅞	Zenix	.85	19.		144	4⅞	4⅝	4⅞	+ ⅛
17⅛	9⅞	Zero	.40	3.6	12	282	11⅜	11¼	11¼	
51⅛	29⅝	Zurnln	.88	2.6	15	48	35¼	34½	34½	− ½
12⅝	10⅛	Zweig	1.16e	11.		94	11¼	11⅛	11⅛	
10	7⅝	ZweigTl	.84	9.5		3335	9	8⅝	8⅞	− ¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months g-dividend in Canadian funds, subject to 15% non-residence tax. f-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading nd-next day delivery. P/E price-earnings ratio r-dividend declared or paid in preceding 12 months,plus stock dividend s-stock split. Dividends begin with date of split sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution xw-without warrants y-ex-dividend and sales infull. yld-yield z-sales in full.

AMEX COMPOSITE PRICES

3pm prices January 2

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
			− H − H −				
Hampt 1.27t			8	5½	5½	5½	
Hasbro	.20	11	806	15⅞	15¼	15½	− ⅛
HlthCh			74	⅞	¾	13-16	+ 1-16
Hlthvst			19	1⅝	1⅝	1⅝	− ⅛
Helco	.10	16	59	11⅝	11½	11½	+ ⅛
HiShear n			1458	1⅞	1⅝	1⅞	
HrnHar			106	2½	2¼	2½	+ ⅛
HovnEn		4	33	2⅞	2⅝	2⅞	
			− I − I −				
ICH			3165	3¼	3	3¼	− ⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Plthry A 1.10		8	62	17½	17⅜	17½	+ ⅛
PlyGem	.12	10	16	5¾	5⅝	5⅝	− ⅛
Presd A	.10		10	5⅝	5⅝	5⅝	+ ⅛
			− O − P − Q −				
OEA s	.28	26	62	39½	38½	39½	− 1¼
OMI	.10e	5	51	5½	5¼	5⅜	− ¼
Olsten	.24	12	14	12⅝	12	12⅝	+ ⅛
OOkiep 1.24e		2	8	8	7⅞	8	+ ⅛
PallCp	.56	20	314	35¼	34⅞	35	
PegGld	.10e	34	825	13	12⅝	12⅞	− ¼
PerInIC		7	58	8¼	7⅞	8⅛	+ ⅛
PtHeat 1.70			11	9⅛	8⅞	8⅞	− ¼
PhLD	.18e	6	22	9¾	9⅝	9⅝	− ⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
WangC			3	4⅛	4⅛		
Wthfrd			970	7⅛	7⅛		
WelGrd		11	4	2⅜	2⅜		
WAmBc	.44	8	4	16⅛	16⅛		
WDigtl		5	1784	5⅛	4⅞		
WIRET 1.48		12	52	14⅝	14½		
Werthn		7	15	11⅜	11¼		
			− X − Y − Z −				
Xytron			382	12⅛	11		

NASDAQ NATIONAL MARKET

3pm prices January 2

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
			− X − Y − Z −				
XL Dta		5	266	7½	6½	7½	+ 1
XOMA			3172	20½	19½	19¾	− ⅜
Xilinx			682	13¾	13¼	13¼	− ½
YanEnS 1.52		13	35	21¼	20½	21¼	+ ⅛
YelowF	.94	30	2078	28¾	26½	26½	
YorkRs		11	450	9¼	8¾	9¼	+ ⅛
Zeos		20	985	18	16½	17	− ⅜
ZionBc	1.44	8	6	31	30½	31	− ¼

AMERICA

Revival of peace hopes and rate cuts lift Dow

Wall Street

THE FIRST trading day of the new year saw equities drift modestly higher yesterday as the stock market took strength from renewed hopes of a peaceful resolution of the Gulf crisis and from a series of cuts in the prime rate from several leading US banks, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was up 2.73 at 2,636.39 on slim volume of 81m shares. But the tone of the market was mixed, with advancing issues leading declining ones by eight to seven. The Standard & Poor's 500 was off 0.17 at 330.05. On Monday, the Dow closed up 4.45 at 2,633.66.

Wall Street was encouraged by talk that the White House was considering sending Mr James Baker, US secretary of state, to the Gulf before the January 15 deadline for Iraq's withdrawal from Kuwait. At midsession the February crude oil contract was down $1.24 at $27.20.

Stock prices were also helped by higher bond prices. At midsession, the treasury's benchmark 30-year bond was up ¾ at 106 ¼, yielding 8.17 per cent.

Rumours that Paramount Communications was trying to sell its film-making unit spurred trading in the stock, which rose $1¼ to $42⅛ although the company denied the reports.

Northrop jumped $1 to $18⅝ amid reports that the air force had said that it would go ahead with plans to build the 75 B-2 stealth bombers approved by Mr Richard Cheney, the defence secretary.

Among other defence contractors, General Dynamics gained $⅝ to $25⅝ and McDonnell Douglas dropped $1⅜ to $37½. Both companies were expected to submit proposals yesterday seeking relief from costs in developing the A-12 attack aircraft for the navy, which has proved more expensive than expected.

Abbott Laboratories slid $1⅛ to $43⅞ after an analyst at Donaldson Lufkin & Jenrette removed the stock from the recommended list.

Toys R Us gained $⅛ to $23⅝. Sales for the eight-week Christmas season ending December 24 rose 7 per cent from a year earlier although sales in stores open for a year fell 6 per cent during the season.

In the secondary market, the Nasdaq composite was down 0.57 at 373.27 at midsession. MCI was one of the most active issues of the morning, adding $⅛ to $20, while Apple Computer slipped $⅛ to $42½.

Canada

TORONTO stocks slipped further in light trade at midday, after a sharp opening loss, as the Gulf crisis and confusion over a new federal tax discouraged trading. The composite index dropped 16.2 to 3,240.6 by midsession. Declines led advances by 139 to 172 on volume of 4.95m shares.

Golds fell after February gold futures on Comex dropped back about $3 to $393.20 an ounce.

Bombardier class B shares slumped C$⅝ to C$14¾ on volume of 34,500 shares after the company said a client in Hong Kong had cancelled an order for 10 of its Canadair regional jets.

Gulf fears cast shadow on first trading day of year

Europe

CONCERN THAT hostilities would soon break out in the Middle East depressed bourses yesterday, *writes Our Markets Staff.* Zurich remained closed.

FRANKFURT fell sharply, the DAX index losing 32.12 or 2.3 per cent to 1,366.10 after a fall of 11.88 to 591.18 in the FAZ at midsession. This took the DAX retreat to 10.3 per cent since December 14, the peak of the last 1990 rally.

Volume stayed low, easing from DM2.5bn to DM2.4bn. Prices firmed a little in the post-bourse, as Wall Street opened higher than expected; but Mr Horst-Kaspar Greven, of Merck Finck in Düsseldorf, taking the day as a whole, said that the market was threatening to break down through a long-term chart uptrend, with 1,350 on the DAX the specific resistance point.

Blue chips led the way down. Mr Greven noted, however, that construction stocks have dropped faster over the past three weeks after a year of relative strength. Phillip Holzmann shed another DM60 to DM993 yesterday, for a three-week fall of 23 per cent.

PARIS recovered from the day's lows as Wall Street opened firmer. The CAC 40 index ended 12.83 lower at 1,505.10, after falling to 1,487.96. Among the losers, Bouygues, the construction company which gained FFr38 on Friday, dropped FFr35 to FFr414.

Air Liquide, which said it might consider selling its remaining 5.1 per cent holding in Société Central d'Investissement after selling 4.9 per cent last week, lost FFr19 to FFr606. SCI rose FFr20 or 0.5 per cent with FFr800m worth of shares exchanged in block trades.

MILAN ended lower and volume remained thin at about L40bn. The Comit index eased 1.89 to 514.70.

Montedison, trading as a merged entity with Ferruzzi Agricola, fell L35 to L1,350. But Enimont was virtually unchanged at L1,580 after L1,579, as ENI's public tender for the outstanding 20 per cent of the shares began.

STOCKHOLM fell 3.8 per cent in cautious trading, with the Affärsvärlden General index down 33.3 at 836.7. Nordbanken rose SKr8 or 17.8 per cent to SKr53, following the nomination late last month of a new chairman.

BRUSSELS fell in thin trading, the cash market index losing 49.81 to 4,913.94. Against the trend, ordinary shares in FN jumped BFr47 to BFr150 on volume of 42,000 shares, as investors covered positions on the last day of the trading account. Acec-Union Minière fell BFr170 to BFr2,460, after acquiring 54.4 per cent of Sibeka, the diamond company.

AMSTERDAM eased in thin trading as investors remained sidelined. Lower bond prices also weighed on shares. The CBS Tendency index, re-based to end-1989, fell 0.6 to 78.8.

MADRID's general index lost 2.79 or 1.24 per cent to 220.46.

VIENNA followed Frankfurt lower, with the bourse index losing 11.86 to 490.40. ISTANBUL's 50-share index shed 140.31 or 4.3 per cent to 3,115.44 as turnover halved, but ATHENS rose, its general index gaining 17.21 to 949.21.

SOUTH AFRICA

GOLD SHARES advanced in Johannesburg yesterday, helped by the higher bullion price. The all-gold index rose 64 to 1,265, with Vaal Reefs up R16.50 at R216.50. But the industrial index fell 11 to 3,007 as Barlows eased 25 cents to R37 and Richmon DR lost 5 cents to R21.20.

Asia Pacific

FEAR OF war in the Gulf moved shares both ways in the Pacific Basin yesterday. The Tokyo, Seoul and Taipei markets were still shut.

AUSTRALIA's gold shares index rose 49.1 or 4.3 per cent to 1,184.4 as bullion climbed to US$391.75 an ounce, up from $386 on Friday and $372.20 three weeks ago. The All Ordinaries share price index closed at 1,285.8, up 6.0, but turnover fell from A$210m to A$89m.

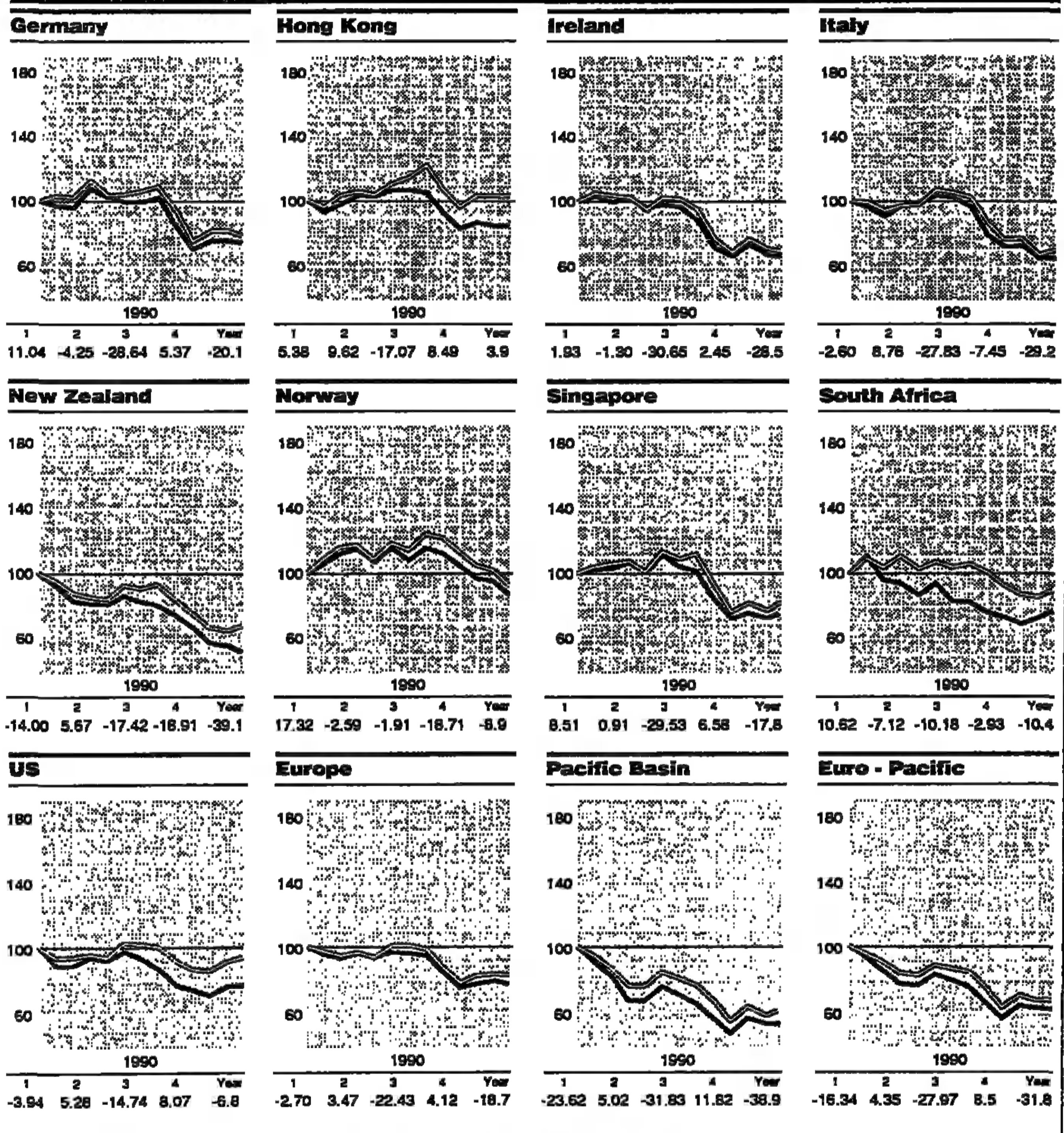
News Corp recovered 14 cents to A$5.24. A company official said that lead banks had indicated that they would sign a new loan agreement.

HONG KONG's Hang Seng index rose 6.79 to 3,031.34, but turnover hit another two-year low, HK$241m for the full day against HK$279m in Monday's half-day session.

MANILA's composite index lost 22.89 or 3.5 per cent to 628.89 and the BANGKOK SET index dropped 17.91 or 2.9 per cent to 594.95. BOMBAY fell in light trading, with the BSE index down 49.03 or 4.7 per cent at 999.26.

Quarterly and annual changes for a number of countries and geographical regions were incorrectly reported in Wednesday's statistical coverage of how world markets performed in 1990, based on the FT-Actuaries World Index. The correct data are produced here. The black line represents the sterling index, the second the index in local currency.

HOW THE WORLD MARKETS PERFORMED IN 1990



Singapore loses out to oil-rich Malaysia

Steps are being taken to attract investors back, writes Joyce Quek

THE STOCK Exchange of Singapore (SES) started off 1990 with a roar but, as in the case of most Asian exchanges, finished with a whimper. It closed on December 28, the last trading day of the year, down 22 per cent since the previous year-end.

Fears of impending global recession, soaring crude oil prices and the threat of war in the Gulf have thrown fundamentals to the winds.

Mr Quek Peck Lim, Morgan Grenfell Asia Securities research head, says: "Singapore has been hit by fears of export competitiveness and rising labour and land costs. Every year, you look at Singapore and it is growing by more than 6 per cent. We see other countries growing faster than us but they do not see the fact that Singapore has liberalised its foreign labour policies.

"The turning point will come," he adds, "when people see that the Singapore dollar is not growing as strongly as before [making it more cost-competitive], when they find that wage costs are growing at a lower rate, and when the potential of Batam in Indonesia [in the growth triangle with Singapore, and Johor in Malaysia] is seen as an actual contributor to our gross domestic product, and Singapore companies come out of their consolidation phase, which will be from 1992 onwards."

Other analysts have been downgrading Singapore shares in favour of the country's energy and commodity-rich neighbours, such as Malaysia. As the Gulf crisis draws nearer to the January 15 deadline, it threatens the traditional rally, up to the Chinese lunar new year next February.

However, all is not lost. A stream of new measures from the Stock Exchange of Singapore should enhance its increasingly vulnerable ambition to be Asean's leading market in trading regional securities. The moves include:

- permitting foreign partners in local brokerages to increase their maximum stakes from 49 per cent to 70 per cent,
- allowing foreign owners, or International Members, full ownership of brokerages,
- encouraging more regional partnerships,
- mooting the listing of Japanese stocks to give an extra 90 minutes of trading after Tokyo closes,
- and upgrading second-board counters to the main board.

Mr Alan Hargreaves of Hoare Govett noted in November: "Contrary to what Singaporeans will tell you, their stock market has performed relatively well this year." Singapore lost 22 per cent in the end, but that compares with Taiwan (−53 per cent), Thailand (−30 per cent) and Indonesia (−41 per cent). In fact, the market performed better on a year-to-date basis than the rest of the Asia Pacific region other than Malaysia (−10 per cent) and Hong Kong (+6.6).

Unlike its experience in the aftermath of Black Monday 1987, says Mr Hargreaves, Singapore is now nowhere near the bottom of the performance pile. This is because it is not expected to suffer unduly from higher crude oil prices. It is literally hedged between two oil exporters, Malaysia and Indonesia, which between them underpinned its bull run during the second oil shock.

A major misconception, says Mr Quek, is that the four NICs (newly industrialising countries: Korea, Taiwan, Hong Kong and Singapore) in this area devote 3 per cent of their GNP to oil imports and most developed OECD countries only 1 per cent. This is a fallacy in Singapore where, although oil imports comprise 2 per cent of the GDP, the country earns 3 per cent from oil refining, he adds.

Mr Quek reckons that with interest rates falling faster than expected, studies over the last 10 years suggest that, within six months of a significant interest rate cut of at least ¼ of a percentage point, markets will climb 7 per cent. There is thus every prospect of a rise by mid-1991.

He recommends investments in shipyards such as Sembawang, food retailers such as Cold Storage, medium technology companies such as Singapore Aerospace, and companies going into leisure, plus selective banking and construction counters. Hoare Govett favours banking, food and beverage and ship repairing concerns.

Mr Charles Chow of J. Ballas says: "The Singapore market has reached a state where, on fundamental valuations, the Straits Times Industrial index could be worth 15 to 20 per cent more than it is. The discount offered by the market represents the extreme discomfort over the Gulf stalemate.

"The market is beginning to view the crisis as a temporary pain rather than a permanent paralysis. The oil market is clearly reflecting this thinking: there is a more than fair chance of an oil glut by end-1991. This provides the basis for us to argue a strategy for selective buying into Singapore stocks."

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 31 1990								FRIDAY DECEMBER 28 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (75)	118.05	−0.1	90.69	101.22	91.76	101.60	+0.0	7.82	117.94	90.97	100.66	91.82	101.80	158.31	117.52	151.38
Austria (19)	196.64	+0.3	151.06	168.82	152.84	152.97	+0.0	1.79	196.13	151.29	167.44	152.70	152.97	285.63	178.57	182.20
Belgium (60)	132.22	+0.3	101.57	113.37	102.77	100.92	+0.0	5.68	131.80	101.66	112.50	102.61	100.92	160.02	126.67	154.67
Canada (120)	130.03	+0.7	99.89	111.49	101.08	109.27	+0.6	3.65	129.19	99.66	110.28	100.57	108.61	153.51	121.24	152.18
Denmark (33)	232.53	+0.4	178.71	199.48	180.81	182.80	+0.0	1.64	231.73	178.75	197.82	180.41	182.80	277.62	224.71	242.22
Finland (25)	103.14	+0.3	79.23	88.44	80.16	78.46	+0.0	3.89	102.78	79.28	87.75	80.02	78.46	152.29	98.91	133.30
France (122)	131.75	+0.2	101.21	112.97	102.40	105.14	+0.0	3.96	131.50	101.43	112.25	102.37	105.14	168.85	124.98	156.03
Germany (91)	111.90	+0.2	85.96	95.97	86.98	86.98	+0.0	2.61	111.72	86.18	95.38	86.98	86.98	144.63	101.38	123.72
Hong Kong (48)	121.81	−0.9	93.57	104.44	94.68	121.97	−0.9	5.49	122.96	94.85	104.97	95.74	123.13	147.49	112.24	117.13
Ireland (16)	148.46	+0.2	114.05	127.30	115.39	117.69	−0.4	4.40	148.15	114.28	126.48	115.34	118.11	198.57	139.04	181.54
Italy (91)	78.31	−0.6	60.16	67.14	60.86	65.97	−0.7	3.73	78.74	60.74	67.22	61.30	66.42	109.25	75.73	98.43
Japan (453)	124.77	−0.4	95.84	106.98	96.99	106.98	+0.0	0.80	125.32	96.67	106.98	97.58	106.98	197.26	106.59	197.40
Malaysia (34)	212.14	+1.8	162.96	181.89	164.86	220.67	+1.3	3.05	208.47	160.81	177.96	162.30	217.94	250.89	182.96	229.04
Mexico (12)	584.45	+0.2	448.97	501.15	454.26	1886.99	+0.1	0.36	583.08	449.77	497.76	453.96	1885.75	813.96	324.53	325.47
Netherland (41)	133.97	+0.1	102.92	114.88	104.13	103.12	+0.0	5.21	133.77	103.19	114.20	104.15	103.12	149.03	127.56	143.89
New Zealand (15)	43.41	+0.2	33.34	37.22	33.74	39.21	+0.0	8.62	43.31	33.41	36.98	33.72	39.21	75.36	42.62	72.09
Norway (27)	204.27	+0.3	156.92	175.15	158.77	163.03	+0.0	1.90	203.57	157.03	173.79	158.50	163.03	276.79	193.70	199.85
Singapore (25)	159.27	+0.2	122.35	136.57	123.79	127.60	+0.0	3.37	158.90	122.57	135.65	123.71	127.60	209.24	147.24	177.21
South Africa (60)	182.89	−0.2	140.49	156.82	142.15	136.21	+0.0	4.00	183.21	141.33	156.40	142.63	136.21	251.39	151.50	196.33
Spain (41)	140.32	+0.4	107.79	120.32	109.06	101.57	+0.0	5.50	139.73	107.79	119.29	108.79	101.57	182.25	126.54	163.08
Sweden (27)	159.45	+0.4	122.49	136.72	123.93	132.77	+0.0	3.07	158.74	122.45	135.52	123.59	132.77	234.93	153.11	192.05
Switzerland (68)	88.93	+0.2	68.32	76.26	69.13	70.30	+0.0	2.98	88.72	68.44	75.74	69.08	70.30	109.77	85.00	94.07
United Kingdom (297)	165.67	−0.2	127.27	142.04	128.76	127.27	−0.6	5.49	166.06	128.10	141.75	129.27	128.10	176.18	139.87	158.70
USA (533)	133.31	+0.4	102.41	114.31	103.62	133.31	+0.4	3.74	132.76	102.41	113.34	103.37	132.76	148.95	119.06	143.05
Europe (958)	134.53	+0.0	103.34	115.35	104.57	104.37	−0.3	4.46	134.55	103.79	114.67	104.76	104.71	157.65	124.91	142.38
Nordic (112)	167.71	+0.4	128.83	143.80	130.35	130.24	+0.0	2.34	167.03	128.84	142.59	130.04	130.24	223.29	162.50	187.37
Pacific Basin (650)	124.12	−0.4	95.35	106.43	96.47	106.99	+0.0	1.21	124.65	96.15	106.41	97.05	107.01	192.75	107.82	192.59
Euro − Pacific (1608)	128.70	−0.3	98.87	110.35	100.03	106.66	−0.1	2.60	129.02	99.53	110.14	100.45	106.62	174.18	116.03	172.66
North America (653)	133.02	+0.4	102.18	114.07	103.40	131.72	+0.4	3.73	132.45	102.17	113.08	103.14	131.17	148.43	119.26	143.49
Europe Ex. UK (661)	115.51	+0.1	88.73	99.06	89.80	90.98	−0.1	3.67	115.34	88.97	98.48	89.51	91.04	145.62	109.94	131.09
Pacific Ex. Japan (197)	115.83	−0.2	88.98	99.33	90.04	103.58	−0.3	6.47	116.02	89.50	99.06	90.34	103.86	148.72	115.76	134.94
World Ex. US (1800)	129.54	−0.2	99.51	111.08	100.69	107.49	−0.1	2.65	129.82	100.14	110.83	101.08	107.62	173.77	117.12	172.27
World Ex. UK (2036)	126.31	+0.0	97.03	108.31	98.18	114.31	+0.2	2.71	126.26	97.40	107.80	98.31	114.13	162.00	115.37	160.98
World Ex. So. Af. (2273)	129.48	+0.0	99.47	111.04	100.65	115.44	+0.1	3.02	129.48	99.87	110.54	100.91	115.36	161.84	118.04	160.54
World Ex. Japan (1880)	133.71	+0.2	102.71	114.66	103.94	120.12	+0.1	4.11	133.41	102.91	113.90	103.88	120.60	151.59	124.31	143.47
The World Index (2333)	129.80	+0.0	99.71	111.31	100.90	115.59	+0.1	3.03	129.60	100.12	110.81	101.06	115.51	162.05	118.33	160.75

Markets open December 31: Canada,Hong Kong,Ireland,Italy,Malaysia,UK and US.Latest prices were unavailable for this edition.
Constituent changes: Pretabail-Sicommerce (France) will be deleted with effect from 3/1/91. Name change: CGE to Alcatel Alsthom.

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